

Sovereign Risk Analysis and Bond Flows Workshop

Course Duration: 8 hours

Workshop Overview & Objectives

At the end of the workshop, participants should be able to:

- Compare emerging and developed markets bond issuance;
- Identify the driving forces behind the bond market
- Describe the different approaches to assessing sovereign risks
- Relate bond demand and the influence of domestic and foreign factors
- Practice some of the concepts learnt via hands-on exercises.

Who Should Attend

- Bankers
- Research Analysts
- Fund Managers
- Institutional Investors
- Investment Advisors
- Traders
- Finance Professionals

Course Outline

Post-crisis, bond issuance (from emerging markets) relative to the size of the economy has seen a significant increase. During 2009-14, corporates and sovereigns in emerging economies cumulatively issued \$1.5 trillion in external bonds, almost a tripling from \$520 billion in 2002-07. The recent surge in issuance is driven by corporates, which have issued a total of about \$300 billion in 2014 compared to \$14 billion in 2000) and most of this issuance is denominated in foreign currencies.

The global financial crisis showed that excessive leverage and high levels of debt posed risks to financial stability. The massive issuance of bonds has resulted in high leverage and debt levels and has been a source of concern. At the same time, the search for yield in this low yield environment has led to an increased demand for bonds.

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Course Outline cont.

Understanding the fundamental drivers of the bond market and how to analyse sovereign risk is essential to any financial market participant. It will help you decide when to start worrying and when to take action.

Part 1 - Morning Session

Global and regional economic prospects

- What does a Trump presidency mean for the global economy?
- Regional economic growth outlook
- Impact on capital flows to Asia

Key drivers of bond flows

- Growth differentials
- Interest rate differentials
- Risk aversion

The impact of global financial conditions on

- Domestic monetary conditions
- Bond yields
- Volume of capital flows

The influence of domestic factors on bond demand

- Financial market development policies
- Domestic monetary conditions
- Feedback loops between sovereign risk and the banking sector

Part 2 - Afternoon Session

Different approaches of analyzing sovereign risks

- Demand perspective - focus will be on the demand perspective
- Supply perspective - debt sustainability

What makes a country more vulnerable to sudden reversal of investor sentiments?

- Size and composition of bond holdings
- Maturity structure
- Currency composition

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Training Methodology

- Lecture style presentation
- Hands-on exercise/ Case Studies

Training Requirements

- Participants are not required to have specific prior experience of any of the subject areas. More experienced individuals will be able to build on their knowledge through practical, current case studies.

Speaker's Profile



Ms Tok Yoke Wang has more than two decades of experience in central banking, spanning macroeconomics research, financial stability analysis and international relations. She was a Program Director with the Toronto Centre where she helped emerging markets upgrade their skills in financial supervision. Before joining the Toronto Centre, she worked as a consultant in the areas of financial stability and economics. She has given presentations and consulted for the IMF, the Asian Development Bank, the South-East Asian Central Banks Research and Training Centre (SEACEN) and the CFA Institute.

She combines a deep interest in global and regional economic issues with strong economics knowledge and analytical skills. She enjoys sharing her knowledge on key global economics issues with a view to kindle a greater appreciation of economics and raise the capacity of the financial industry. Yoke Wang holds a Masters Degree in Economics from Cambridge University and a First Class Honours Degree in Economics from the National University of Singapore. She has given presentations at regional and international central bank meetings, lectured at the MAS Academy and IMF-Singapore Training Institute.

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