SCIENTIFIC NOVELTIES AT THE BANK OF ALBANIA

Contents:

I. FRIDAY SEMINARS

FRIDAY SEMINARS

During the period July-December 2012, studies presented in the Friday Seminar Series covered issues, like: crediting and its main determinants, businesses' perceptions on payment instruments, income and prices elasticity, Greek crisis effect. In the following, you can find a detailed summary of the presented materials.

DETERMINANTS OF BANKING CREDIT TO PRIVATE SECTOR"- CASE OF ALBANIA", BY GERTI SHIJAKU (RESEARCH DEPARTMENT) AND IRINI KALLUCI (SUPERVISION DEPARTMENT)

This study focuses on identification and estimation of long-term determinants of banks' credit to private sector in case of Albania, using Vector Error Correction Mechanism (VECM), based on supply and demand indicators. The study uses quarterly data from 2001 to 2011. Results show that there is one cointegration relationship that turns credit back to its equilibrium level. Other findings suggest a positive relationship between credit and economic growth.

"SURVEY REPORT ON THE USE OF PAYMENT INSTRUMENTS – BUSINESSES, FEBRUARY-MARCH 2012", BY KLITI CECA, ALBAN PLLAHA (RESEARCH DEPARTMENT) AND VALENTINA SEMI (PAYMENT SYSTEMS DEPARTAMENT)

This survey aims to identify the main characteristics of businesses which influence either positively or negatively the use of payment instruments. The survey was enabled by Bank of Albania, conceived and elaborated by the Research Department, supported by the Payment Systems Department and Statistics Department, and was carried out by INSTAT. The survey was conducted in Tirana-Durrësi area, with about 400 businesses, where only half of them accept payments through non-cash banking instruments.

"DETERMINING THE EFFECTIVENESS OF THE DANISH PACKAGING TAX POLICY: THE CASE OF PAPER AND PAPERBOARD PACKAGING IMPORTS", BY ENIAN ÇELA, (RESEARCH DEPARTMENT)

The purpose of this paper is to analyze the effectiveness of the environmental taxes applied on paper and paperboard industrial packaging in the case of Denmark. Using a panel data analysis, the investigation focuses on the taxation impact on the import trade flow of paper and paperboard packaging entering into Danish territory. A gravity regression model analysis is adopted to judge on the trade pattern. Results reveal that environmental taxes were effective in reducing the imported quantity of paper and paperboard. The reasons that might have stimulated the positive implementation are also emphasized as a remainder for future applications of the policy.

"ROLE OF EXCHANGE RATE IN INTERNATIONAL TRADE MODELS: "DOES M-L CONDITION STAND FOR ALBANIA", BY BLEDAR HODA, (RESEARCH DEPARTMENT)

The material aims to estimate the degree of real activity transmission from trading partner countries. Economic slowdown in advanced countries recently is becoming a concern regarding the economic pace in developing countries as well. As a result, exports as alternative promoter of economic growth and the Marshall-Lerner condition in case of a developing country where exports are lower than imports both play a significant role. The later assesses exchange rate effectiveness on the increase of monetary inflows from external trade and the improvement of external balance of an economy through measuring elasticity of real trade flows. Results show that, while the increase of income per capita is the main incentive of trade flows, exchange rate plays an important role in encouraging exports and imports replacement.

"GREEK ECONOMIC CRISIS AND ITS IMPACT IN ALBANIA", BY ENKELA GAÇAJ, (RESEARCH DEPARTMENT)

The main focus of this paper is finding the cause of the Greek economic crisis referred to as debt crisis. It attempts to analyze excessive government expenditure, tax evasion, the presence of shadow economy (which accounts for 25% of GDP) and corruption which are considered to be the major sources of Greece's malady. Moreover, this study concentrates on finding solutions such as thorough institutional and economic reformation, while accentuating the necessity to combine both fiscal and growth policies in order to enable Greece's gradual recovery as well as prevent future recessions.

II. RECENTLY CONCLUDED RESEARCH PAPERS

"APPLICATION OF DENSITIES TECHNIQUES FOR ECONOMIC VARIABLES - APPLICATION FOR THE CASE OF ALBANIA", BY ALTIN TANKU AND KLITI CECA, (RESEARCH DEPARTMENT)

This paper aims to estimate the distributions function of a random vectors for main macroeconomic variables. The main target of this new methodological application is to complete and possibly argue with the theory of cases in generating economic vectorial variables, at any time within a given time interval. The use and identification of a distribution function will be used to forecast future values of economic variables, when the current and past values are known.

"THE ROLE OF MONEY AS AN IMPORTANT PILLAR FOR MONETARY POLICY: CASE OF ALBANIA BY GERTI SHIJAKU, (RESEARCH DEPARTMENT)

The paper evaluates the role of money as a second pivotal pillar for the monetary policy of the Bank of Albania, in accordance with its primary objective of price stability. The main focus of this paper is to appraise the money demand function and the velocity of broad money, M3, in the medium and long-term. The results show that the demand for money is stable, even in the aftermath of financial and economic crisis, and that money contains important information for inflation developments in the future.

THE "J – CURVE" EFFECT IN BILATERAL TRADE: THE IMPACT OF CURRENCY DEPRECIATION ON TRADE BALANCE BETWEEN ALBANIA AND ITS MAIN TRADING PARTNERS, BY ALBAN PLLAHA, (RESEARCH DEPARTMENT)

This paper evaluates the effects of the exchange rate on bilateral trade flows between Albania and its main trading partners namely; Euro Area, Italy, Greece, Germany, Kosovo and Turkey. The paper seeks empirical evidences on the existence of the "J – curve" phenomenon in bilateral trade for the 1998 – 2012 period. The "error – correction model" approach seems to be the appropriate econometrical model in indentifying the short and long-run effects of the real depreciation of the domestic currency (ALL) on bilateral trade balances between Albania and its main trading partners. One of the main findings of this paper is that the J-curve hypothesis is only supported in the case of trade with Turkey.

"SURVEY REPORT ON THE USE OF PAYMENT INSTRUMENTS – BUSINESSES, FEBRUARY-MARCH, 2012", BY KLITI CECA, ALBAN PLLAHA (RESEARCH DEPARTMENT) AND VALENTIMA SEMI (PAYMENT SYSTEMS DEPARTMENT)

This survey aims to identify the main characteristics of businesses which influence positively or negatively the use of payment instruments. The survey was enabled by Bank of Albania, conceived and elaborated by the Research Department, supported by

the Payment Systems Department and Statistics Department, and was carried out on the field by INSTAT. The survey was conducted in Tirana-Durrës area, with about 400 businesses. Almost half of them accept payments through non-cash banking instruments. Some of main analyses in process are: - influence of the business size on the use of instruments; - how is the use and perception of payment instruments influenced by the business type; -influence of businesses revenues on the instruments use; some of the main factors incentivizing businesses into using these instruments, etc.

"BUSINESS CYCLES SYNCHRONIZATION FOR COUNTRIES OF THE REGION: A SVAR APPROACH", BY ENDRIT YZEIRAJ, (RESEARCH DEPARTMENT)

The study aims to measure the level of economic integration between the countries of the region. It uses macroeconomic variables applying the Blanchard and Quah (1989) decomposition for structural VARs. The supply and demand shocks generated through the method show that the links between the countries are relatively weak. The results suggest that demand shocks' synchronization is higher than the supply shocks. One possible explanation is effect of the trade channel, but not of other structural channels.

"THE FINANCIAL MODEL FOR ALBANIA: A PANEL DATA APPROACH", BY ELONA DUSHKU (RESEARCH DEPARTMENT) AND VASILIKA KOTA (FINANCIAL STABILITY DEPARTMENT)

The recent global crisis underscores the important role of banks and other financial institutions in transmitting and amplifying economic and financial shock. This paper introduces the Financial Model for Albania, a medium size model, which is still at development phase. It is based on detailed balance sheet of Albanian banks to see how main macro and financial shock affect most important variables. The model has in total 35 equations, of which 8 are behavioral equations and 27 are identities equations.This paper uses panel data methods to estimate the core behavioural equations which are: lending volume, net interest income, credit risk asset, nonperforming loans (household and corporate sector) and credit cost equation. Analyses of simulation results permit to see how these shocks are transmitted in financial and real economy.

III. WORKING PAPERS IN PROGRESS

"THE IMPACT OF THE CRISIS IN ALBANIAN ECONOMY", BY MR. ARDIAN FULLANI, GOVERNOR OF THE BANK OF ALBANIA, ALTIN TANKU HEAD OF RESEARCH DEPARTMENT, AND LORENA SKUFI, (RESEARCH DEPARTMENT)

The study is a narrative story of the economic developments in Albania and its experience with the economic crisis. This material has in focus the nature of shocks and their effects in Albanian economy, in the attempt to identify and separate its impact between main economic partners. The study concludes that in the case of Albanian economy some of the main transmission channels are not materialized. Meanwhile, a key element of economic activity shrinkage after 2008 is estimated to be the fall of domestic aggregate demand. The mechanism of adjustment, which was supported by the policies undertaken from Albanian authorities, shows that financial and economic crisis of our partners brought changes in our economy. These changes were shown not only in economic developments, but also in a vast of legislative and regulation policies designed and implemented in conformity with the crisis' conditions. In conclusion, Albanian economy remains under the pressure of the market development of our main economic partners as well as their economic and financial policies.

"STOCHASTIC GROWTH TREND AND ECONOMIC FLUCTUATIONS", BY BLEDAR HODA, (RESEARCH DEPARTMENT)

The work aims at extracting the role of productivity shocks in generating economic fluctuations. Application of a structural vector error correction method allows for decomposition of economic fluctuations due to permanent shocks like productivity changes and transitory ones due to real factors. In a simple model with three variables, output, consumption and investments, the econometric results show productivity as a main factor in explaining forecast errors in all variables in horizons longer than 1.5 years. In horizons shorter than that, transitory shocks play an important role in explaining those fluctuations. The absence of nominal shocks in this simple model might be important for the significance of the results

"FISCAL SUSTAINABILITY ACROSS THE EU AND OTHER POTENTIAL MEMBER COUNTRIES, BY GERTI SHIJAKU", (RESEARCH DEPARTMENT)

This discussion paper focuses on the long-run mean-reverting properties of debt to GDP ratio and the role of the government in shaping the fiscal policy across the different regions for the period 2000-2011. The material analysis the solvency condition by mean of panel unit root and also estimate the fiscal responses of fiscal policy in the 27 European Union and Euro area and other future and potential member countries in a panel VAR.

Results reveal that fiscal policy shows considerably inertia in its conduction, and fiscal authorities systematically react

against the growth of debt ratio, by generating future suffixes. Nevertheless these surpluses are insufficient to fulfil the solvency term to avoid its excessive accumulation.

"GREEK ECONOMIC CRISIS AND ITS IMPACT IN ALBANIA", BY ENKELA GAÇAJ, (RESEARCH DEPARTMENT)

The main focus of this paper is finding the cause of the Greek economic crisis referred to as debt crisis. It attempts to analyze Greece's economic situation from the time of its accession in the EU until the eruption of the crisis both from the economic and political point of view, while its impact on Albania is examined as one of the consequences of this collapse. Moreover, this study concentrates on finding solutions such as thorough institutional and economic reformation which would enable Greece's gradual recovery as well as prevent future recessions.

"INTERPRETING THE LEK EXCHANGE RATE DURING THE FINANCIAL CRISIS: EVIDENCE FROM REAL TIME DATA", BY ILIR VIKA AND ARLIND RAMA, (RESEARCH DEPARTMENT)

This study uses real time data to explain fluctuations of the Albanian Lek exchange rate against two main currencies: euro and the US dollar. Often, daily movements of the Albanian currency are attributed to international markets developments, but not only. We attempt to shed light on the effects that various economic news from the Euro area, the US and Albania have on the domestic exchange rate. Because the recorded releases for Albanian data is hard to find before 2007, our analysis is bound to the sample period from 2007M01 to 2012M07, in which international FX markets constantly responded to shocks in the financial markets. For that reason, in addition to data about the real economy, a price, leading indicators and policy variables, attention is paid to indicators that gauge the financial markets stress in the Euro zone and the US. Preliminary results generally indicate that positive news in the Euro zone is associated with depreciation of the Albanian lek; news about economic growth are an exception to that. On the other hand, surprise data for the US economy result in mixed effects. In any case, our parameter estimates are broadly similar in size and sign with other findings in the literature about the USD-EUR exchange rate sensitivity to news, which suggests us that the price discovery process abroad is closely followed by local FX market participants.

"HOUSE PRICE VOLATILITY IN ALBANIA", BY ENDRIT YZEIRAJ, (RESEARCH DEPARTMENT)

This article's goal is to measure the volatility of house prices in the Albanian real estate market. As a novelty to the literature on the Albanian case, the study tries to build a "real" house values index based on a set of fundamental economic variables. The actual prices and their volatility will then be compared to this new index. This process will help us understand whether the observed volatility is a result of structural causes or is due to incorrect expectations. The results will be based on the VECM methodology.

IV. ARTICLES

This section provides a short summary of some of the articles and materials published by the Bank of Albania and other central banks during July – December 2012, to provide a clearer table on the research scientific themes published during this period.

"NGDP TARGETING: THE ALBANIAN CASE", BY ENDRIT YZEIRAJ, (RESEARCH DEPARTMENT)

This article is inspired from the discussion on monetary regimes that is involving central banks. It is based on the revaluation the inflation targeting regime is going through in the aftermath of the global economic crises and its limited usefulness during it. The article provides a brief overview of the theoretical foundations a nominal GDP targeting regime is based on and then discusses its suitability for the case of Albania. In conclusion, a few brief suggestions are presented following the analysis. The main argument is that the application of such a regime would be problematic for developing countries like Albania. According to the article, the existence of an always-changing potential GDP creates two shortcomings. Firstly, it makes the calculation of an optimal nominal GDP growth rate difficult. Secondly, and more importantly, this ever-changing rate makes central bank communication difficult and thus fails to properly anchor expectations.

"CENTRAL BANK COMMUNICATION ON FISCAL POLICY", BY JULIEN ALLARD, MARCO CATENARO, JEAN-PIERRE VIDAL, GUIDO WOLSWIJK

This paper empirically reviews the intensity of central banks' fiscal communication by five central banks (the US Federal Reserve, the ECB, the Bank of Japan, the Bank of England and the Swedish Riksbank) over the period 1999-2011, by developing a fiscal indicator measuring the fiscal-related communication in minutes or introductory statements. Our findings indicate that the ECB communicates intensively on fiscal policies in both positive as well as normative terms. Other central banks more typically refer to fiscal policy, when using fiscal policy as input to forecasts, or when referring to the use of government debt instruments in monetary policy operations. The empirical analysis also indicates that the financial crisis has overall increased the intensity of central bank communication on fiscal policy.
http://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1477.pdf

"MONETARY POLICY IN A DOWNTURN: ARE FINANCIAL CRISES SPECIAL?" BY MORTEN L BECH, LEONARDO GAMBACORTA, ENISSE KHARROUBI

Accommodative monetary policy during the financial crisis was instrumental in preventing a deeper recession. Views differ, however, on how long such measures should be kept in place.

At the heart of this debate is the notion that a protracted period of policy accommodation could create distortions. Our analysis, based on a sample of 24 developed countries, indicates that monetary policy is less effective in a financial crisis, when impairments in the monetary transmission mechanism may occur. In particular, the results show that the benefits of accommodative monetary policy during a downturn for the subsequent recovery are more elusive when the downturn is associated with a financial crisis. In addition, we find that private sector deleveraging during a downturn helps to induce a stronger recovery.
http://www.bis.org/publ/work388.pdf

"MONETARY AND MACROPRUDENTIAL POLICIES", BY PAOLO ANGELINI, STEFANO NERI, FABIO PANETTA

We use a dynamic general equilibrium model featuring a banking sector to assess the interaction between macroprudential policy and monetary policy. We find that in "normal" times (when the economic cycle is driven by supply shocks) macroprudential policy generates only modest benefits for macroeconomic stability over a "monetary-policy-only" world. And lack of cooperation between the macroprudential authority and the central bank may even result in conflicting policies, hence suboptimal results. The benefits of introducing macroprudential policy tend to be sizeable when financial shocks, which affect the supply of loans, are important drivers of economic dynamics. In these cases a cooperative central bank will "lend a hand" to the macroprudential authority, working for broader objectives than just price stability in order to improve overall economic stability. From a welfare perspective, the results do not yield a uniform ranking of the regimes and, at the same time, highlight important redistributive effects of both supply and financial shocks.
http://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1449.pdf

"CAN MACRO VARIABLES USED IN STRESS TESTING FORECAST THE PERFORMANCE OF BANKS?", BY LUCA GUERRIERI, MICHELLE WELCH

When stress tests for the banking sector use a macroeconomic scenario, an unstated premise is that macro variables should be useful factors in forecasting the performance of banks. We assess improve out of sample forecasts of charge off on loans, revenues, and capital measures, relative to forecasting models that exclude a role for macro factors. Using only public data on bank performance, we find the macro variables helpful, but not for all measures. Moreover, even our best-performing models imply bands of uncertainty around the forecasts so large as to make it challenging to distinguish the implications of alternative macro scenarios.
http://www.federalreserve.gov/pubs/feds/2012/201249/201249pap.pdf

V. OTHER ACTIVITIES

THE 6TH REGIONAL WORKSHOP "ECONOMIC RESEARCH IN SOUTH-EASTERN EUROPE, NOVEMBER 2012

Research Department of the Bank of Albania organised on 19-20 November 2012, the sixth regional workshop "Economic Research in South-Eastern Europe". There were more than 20 participants (presenters and discussants) from Bank of Albania and other central banks of the region (Bank of Italy, Central Bank of Croatia, Central Bank of Republic of Macedonia, Bank of Kosovo, Central Bank of Turkey), who attended the workshop. Following a consolidated tradition, the aim of this workshop was to further expand cooperation among research economists, in the regional framework and broader. The addressed themes covered a broad range of issues and problems mainly dealing with: fiscal and monetary policies in an unstable economic framework, global crisis and transmission mechanisms, identification of disequilibrium in banking system, evaluation of densities in economic data series.

A listing of the papers presented in this workshop is as follows:

• "The impact of the financial crisis on household financial vulnerability in Croatia", by Ivana Herceg and Danijel Nestić , Croatian National Bank

• "Transmission channels of the global economic crisis: micro evidence for the Republic of Macedonia",
by Biljana Jovanovikj and Ljupka Georgievska, National Bank of the Republic of Macedonia

• "Impact of the sovereign default crisis on the Czech financial sector", by Luboš Komárek – Czech National Bank

• "Greek economic crisis and its impact on Albania", by Enkela Gaçaj, Bank of Albania

• "Applications of kernel density estimations on economical data series – a general view", by Altin Tanku and Kliti Ceca, Bank of Albania

• "Identifying imbalances in the Hungarian banking system ('early warning' system), by Dániel Holló, Hungarian Central Bank

• "The financial model for Albania: a panel data approach", by Elona Dushku and Vasilika Kota, Bank of Albania

• "The impact of Banking Sector Competition and Loan-Loss Provisions", by Arben Mustafa, Central Bank of the Republic of Kosovo

• "Mapping the financial stability in Albania", by Vasilika Kota, Odeta Minka, and Arisa Saqe, Bank of Albania

• "Determinants of bank credit to the

private sector: the case of Albania", by Gerti Shijaku and Irini Kalluci, Bank of Albania

- "The J-curve effect in bilateral trade: The impact of currency depreciation on trade balance between Albania and its main trading partners", by Alban Pllaha, Bank of Albania

- "The Role of Exchange Rates in a Model of International Trade: Does the Marshall-Lerner Condition Hold in Albania?", by Bledar Hoda , Bank of Albania

- "Interpreting the Lek exchange rate fluctuations during the financial crisis: evidence from real-time data", by Ilir Vika and Arlind Rama, Bank of Albania

- "The role of money as an important pillar for monetary policy: the case of Albania", by Gerti Shijaku, Bank of Albania

- "News, Housing Boom-Bust Cycles, and Monetary Policy", by Birol Kanik and Wei Xiao, Central Bank of the Republic of Turkey, State University of New York at Binghamton

- "The perception of Payment Instruments by Albanian Businesses – results from a public survey", by Kliti Ceca, Alban Pllaha, Valentina Semi, Bank of Albania

- "Would it have paid to be in the Eurozone?" by Michal Brzoza-Brzezina, Krzysztof Makarski, Grzegorz Wesolowski, National Bank of Poland

- "Business Cycle synchronization: A measure of economic integration", by Endrit Yzeiraj, Bank of Albania

Each paper was followed by the discussion of colleagues or foreign guests, who presented the main findings of the paper, its contribution, while providing comments and suggestions for further research or improvement.

SEVENTH ANNUAL CONFERENCE OF SOUTH-EASTERN EUROPEAN MONETARY HISTORY NETWORK, 14 DECEMBER 2012

Bank of Albania in collaboration with the Bank of Greece, held in 14 December 2012, the seventh annual conference of South-Eastern European Monetary History Network (SEEMHN). This is a community of financial and monetary historians, economists and statisticians, established in April 2006 on the initiative of the Bulgarian National Bank and the Bank of Greece. Its main objective is to spread knowledge about SEE monetary history and policy as an integral part of the European experience.

The topic of this conference was: "Tales of Two Crises: the Great Depression and the Great Recession in South East Europe (Parallels, Crisis's Management and Banking Sector Restructures)"

Nicos Christodoulakis (Athens University of Economics and Business and LSE) and Pierre Siklos (Wilfrid Laurier University and Viessmann Research Centre) were the key note speakers of the conference.

A listing of the papers presented in this workshop is as follows:

- "The great Recession: Macroeconomic resilience, banking regulation and institutions", by Lucia Dalla Pellegrina and Donato Masciandaro, Bocconi University.
- "Causes and consequences of the breakdown of the interwar gold standard In SEE", by Matthias Morys, University of York.
- "Déja vu? The Greek crisis experience, 2010s versus 1930s. Lessons of history", by George Chouliarakis and Sophia Lazaretou, Bank of Greece
- "A tale of two orthodoxies: The Bulgarian economy during the great depression and the great recession", by Martin Ivanov, Bulgarian Academy of Sciences
- "Lessons learned and experience guided during the global financial crisis: The Turkish Case", by Yuksel Görmez and Serkan Yigit, Central Bank of the Republic of Turkey
- "Spillovers of the Greek crisis to SEE: Updated Version", by Dominik Bernhofer, OeNB
- "Financial reforms and historical legacies in transition", by Elira Karaja, IMT Lucca and UC Berkeley Laura Cojocaru, Delaware University.
- "The Challenges of economic development and financing requirements to fill the existing financial gap", by Petraq Milo, Supervisory Council member of the Bank of Albania
- "The impact of memories of high inflation on households' trust in currencies", by Elisabeth Beckmann and Thomas Scheiber, OeNB

- "The impact of the crisis in the Albanian economy", by Ardian Fullani, Altin Tanku and Lorena Skufi, Bank of Albania
- "Cyclically adjusted budget balance and fiscal policy analysis", by Anjeza Gazidede, Banka of Albania
- "Michail Manoilescu theories of international trade in retrospect: how and when emerging economies must be protected?, by Nikolay Nenovski (University of Amiens) and Dominique Torre (University of Nice Sophia Antipolis-CNRS)
- "Fiscal sustainability across the EU and other potential member countries", by Gerti Shijaku, Bank of Albania

THE GOVERNOR'S AWARD FOR THE BEST DIPLOMA THESIS FOR THE YEAR 2012

For the sixth consecutive year, the Bank of Albania organised the Governor's Award for the Best Diploma Thesis for the year 2012. This award encourages the Albanian students, graduated either in Albania or abroad, to participate with their research work concerning fields like: monetary economics, financial stability, the economic integration of the Balkan countries toward Europe, Bank of Albania's activity, the Albanian banking system, and economy in general. This event constitutes a good tradition which helps strengthen the research culture and create a supporting structure with newcomers, who not only possess the desire, also the needed knowledge to study.

The first prize went to Mr. Alqi Bllako, student of New York University of Tirana, for the master thesis "Role of tax on companies' income in capital structure: data about the Albanian economy". The second prize went to Ms. Dirina Mançellari, student of American University in Bulgaria, for the Diploma Thesis "A framework to assess public finances sustainability in Albania".

The third prize went to Mr. Jurgen Kopliku, student at Bocconi University in Italy, for the thesis: "Did the 2007-2008 crisis affect the European companies' structure?"

TECHNICAL SEMINARS

Research Department, within the framework of the Medium-Term Development Strategy of Research at the Bank of Albania, organises within the Department, the Technical Seminar dealing with different and interesting issues and phenomenon. The following, provides a summary of seminars organised during the period July-December 2012.

i.   "Household budget in Albania, 2006-2007", by Enkela Gaçaj

The aim of this seminar was to introduce a part of data base with Micro data of Research Department. The Household Budget Survey conducted by INSTAT for the period October 2006 – November 2007, served as the main database. The data were analysed according to income allocation and expenditure structure by prefectures, also based on the characteristics of the head of family, such are: age, education, employment status, etc.

ii.   "The News and Bubbles in the exchange rate", by Bledar Hoda

The material presented in this seminar is a theoretical set-up of the impact of "news" about fundamental indicators that have an impact on exchange rate. The building blocks of the underlying are purchasing power parity, a Cagan money demand equation, and uncovered interest rate parity. Modelling exchange rate based on these foundations, allows for further modelling of exchange rate fluctuations due to news about the respective foundations. A simplifying illustrative case is the potential impact of the recent quantitative easing from some central banks on their respective exchange rate.

iii.   "Microfinancing in Albania, analysis of an uprising trend in Albania", by Arlind Rama.

Due to the uprising trend that microfinancing has in Albanian economy, this presentation aims to offer an analysis on the performance of this sector during the last years. Data about the activity of micro finance institutions were taken from the MIX Market database and from the Official webpage of the Bank of Albania. Attention was paid to the risk of rural microfinancing at home, as a challenge that imposes to these institutions a trade-off between the geographical location and financial consolidation.

INVITATION TO PARTICIPATE IN FRIDAY SEMINARS DURING 2013

Institute for Economic and Banking studies at the Research Department,

restarts the activity "Friday Seminars", for the year 2013.

We invite all researchers, both within and out of the Bank of Albania, to participate in this event, by presenting and discussing their either empirical and/ or theoretical materials. The participants will have the possibility to take advantage from the share of new ideas on their thesis, by improving this way the scientific research, within and outside the Bank of Albania.

In any event you are interested to participate in the Friday Seminars; you may submit your material at: *bhaxhimusaj@bankofalbania.org*.

LINKS:

Banca d'Italia (http://www.bancaditalia.it/ studiricerche)

Banco de Espana (http://www.bde.es/informes/ be/docs/docse.htm)

Bank of England (http://www.bankofengland. co.uk/publications/ëorkingpapers/index.htm)

Bank of Finland http://www.bof.fi/en/julkaisut/ bofit_julkaisut/index.htm)

Bank of Greece (http://eng.bankofgreece.gr/ en/publications/research.asp)

Czech National Bank (http://www.cnb.cz/en/ research/))

Deutsche Bundesbank (http://www.bundesbank. de/vfz/vfz_diskussionspapiere_2009.en.php)

European Central Bank (http://www.ecb.int/ home/html/researcher.en.html)

Oesterreichische Nationalbank (http://www. oenb.at/en/presse_pub/research/research.jsp)

Federal Reserve (http://www.federalreserve. gov/econresdata/default.htm)

BIS Central Bank Research Hub (http://www.bis. org/cbhub/index.htm)

International Journal of Central Banking (http:// www.ijcb.org/)

National Bureau of Economic Research (http:// www.nber.org/)

International Monetary Fund (http://www.imf. org/external/pubind.htm)