UNIVERSITAT DE BARCELONA

SPECIAL SEMINAR of the Section of Economic Theory

Wednesday, 24.1.2018 (11:45–13:45), in room 23

(3rd floor, building 696, *Facultat d'Economia i Empresa*, UB)

Dr Firano ZAKARIA

(University Mohammed V Rabat-Agdal, MOROCCO)

CV: Dr FIRANO ZAKARIA holds a PhD in economics, with a specialization in financial stability (systemic risk) and quantitative methods (DSGE models). Has several years of professional experience in the research department of the Central Bank of Morocco focusing on issues related to monetary policy such as unconventional monetary policy, and on building quantitative tools to assess risks in the financial system (i.e., stress testing models). Has an extensive experience in teaching different fields of finance including financial instruments and financial mathematics.

- Since 2013: Professor at University Mohammed V Rabat-Agdal.
- 2011-2013: Economist Chief of financial research service, Central Bank of Morocco.
- Since 2016: Member of Ottawa Group
- Expert with AFBD and ONDH
- Member of the research group on financial risks at the University Mohammed V Rabat Agdal.

PROGRAM

11:45–12:40 *Presentation* and *discussion* of the following paper:

"Speculative Bubble on the Moroccan Real Estate Market: Identification and Cycles"

ABSTRACT: This paper presents several approaches to identify and dated the speculative bubble at real estate's market. Using the price index real estate (IPAI), statistical and structural approaches were combined in order to detect the existence of a bubble on the Moroccan real estate market. The results obtained affirm that the Moroccan real estate market knew a speculative bubble during the period 2006-2008 explained mainly by the boom of the credit during the same period. The use of the Markov switching model affirmed also that the speculative bubble in Morocco is cyclic and corroborates consequently the critic formulated by EVANS (1991) concerning the approaches traditional of detection of the financial bubbles. Thus, the analysis of the series of the bubble, extracted using the kalman filter, affirms the existence of two regimes namely: an explosive regime and a normal regime. The first regime describes the periods of explosion of the bubble and lasts about 9 quarters, while the second, of which during 14 quarters, describes the periods to return to the average cycle.

12:50–13:45 *Presentation* and *discussion* of the following paper:

"Why Liquidity Interventions are they Optimal in the case of Morocco for Financial Stability?"

ABSTRACT: In this paper a general equilibrium model was developed to simulate the impact of unconventional measures on macroeconomic and financial conditions in Morocco. The particularity of this model is that it includes most of the nominal and real rigidities, financial frictions, based essentially on BGG model (1999, 2001). The model also includes the possibility that the monetary authorities intervene directly in the balance sheets of commercial banks to financing a part of their assets (GERTLER et al. (2011)). Through the inclusion of interventions by the central bank, a comparison was made. This is to compare two macro-financial environments. The first considers the absence of a proactive policy of the monetary authorities, while the second considers a passive situation where the central bank is neutral and only uses its key interest rate following a standard Taylor rule (financial stability function). The simulation results clearly show that monetary policy actions at the balance sheets of commercial banks have had a positive effect on macroeconomic and financial conditions. Thus, the use of balance sheet policy helped initiate the economic recession and reduce its duration and to give more impetus to the economic recovery. We conclude that the absence of such interventions, the banking sector and key macroeconomic indicators, including bank lending and economic growth, reportedly accused of a serious problem to threaten macroeconomic and financial stability.