



BANK OF CANADA
BANQUE DU CANADA

THE GOVERNOR'S CHALLENGE

Participant Guidelines

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About the Governor's Challenge

The Governor's Challenge is an annual university outreach program organized and sponsored by the Bank of Canada and designed to bring real-world economics into the undergraduate classroom.

The Challenge is intended to enhance students' understanding of the role monetary policy and the Bank of Canada play in the Canadian economy; to promote interest in macroeconomics and monetary economics as subjects for study and the basis for a career; and to foster co-operative relationships between students, professors and the Bank of Canada.

The Challenge provides an outstanding experiential learning opportunity by simulating the Bank's decision-making process in the conduct of Canada's monetary policy. Playing the role of advisors to the Bank's Governing Council, teams of students will assess and analyze current and prospective macroeconomic conditions and will formulate a recommended course of action for Canadian monetary policy, taking the risks to the outlook for inflation into account.

The Governor's Challenge is a unique and multi-faceted student experience. In addition to deepening their knowledge of advanced economic theory and developing a greater understanding of the Canadian economy, students will be able to build important analytical, presentation, teamwork and influencing skills that are valuable in both their academic and professional careers.

Event Details

The First Round

The First Round of the Challenge will be conducted in the late fall. Universities are randomly assigned to a competitor grouping for this round, . Grouping decisions are final and will be disclosed to participants before the First Round.

In this round, teams give their presentation from their university by videoconference (using Skype for Business) , in front of a panel of Bank judges. The identity of the teams' school affiliation will be withheld from the judges until they have reached their final decisions. This presentation will be recorded and teams will be able to review their own presentation after the completion of the first round.

The winning team from each grouping, plus an additional wildcard team chosen from the runner-ups at the Bank's discretion, will be invited to attend and present at the National Round. A formal written evaluation is provided to all teams who participate in this round, and an optional online feedback session with judges is available to all teams.

The National Round

The National Round of the Challenge will be held at the Bank of Canada in February. Teams invited to participate will travel to Ottawa with four presenting members, one backup and one faculty advisor for a one-day event and two-night hotel stay. All expenses will be covered by the Bank.¹

In the National Round, presentations are given live in front of a panel of three distinguished judges, including a member of the current Bank Governing Council and a guest judge external to the Bank. The presentations are also viewed remotely by other National Round participants and Bank staff through a live video feed. Presentations are followed by a lunch, where team members and faculty advisors will have the opportunity to network with Bank economists, including members of the Governing Council. The Governor's Challenge winning team will be announced by the Governor at the end of lunch.

Presentation Details

Objectives

To prepare for the Challenge, students should assess current and prospective global and Canadian macroeconomic and financial developments. Based on this analysis, they then create a team-based presentation that includes their analysis and a specific recommendation on monetary policy.

The broad objectives are to

- assess the balance between aggregate demand and supply and the extent of inflationary pressure in the economy;
- assess the future outlooks for the global and Canadian economies, and for financial market conditions, in general, and the outlook for inflation in particular;
- assess the potential positive or negative risks, both foreign and domestic, to this forward-looking outlook;
- judge whether the overnight interest rate should be changed or left at the current rate in order to meet the inflation target;
- make a recommendation on the overnight interest rate and offer supporting analysis to provide arguments and evidence;
- deliver an interesting and effective presentation.

The objective is not to provide the right answer because there is no single right answer. Deciding on the level of the overnight interest rate is a matter of expert judgment. The goal of this competition is to provide the best judgment and presentation based on the team's analysis.

Teams may also consider, if appropriate, making recommendations beyond that for the overnight interest rate. While doing so can bring innovation to their economic assessment, and should be prepared to answer questions from the judges on all policy recommendations.

¹ All necessary information on how to claim expenses will be provided to those winning teams from the First Round who will be participating in the National Round.

Elements

Strong presentations include the following elements in addition to those outlined in the objectives above:

1. A brief overview of recent developments in the Canadian and external economies as well as in the financial markets that are relevant for the policy recommendation. These could be presented in terms of key themes as in the Bank of Canada's *Monetary Policy Report*.
2. Projections of the paths of some key Canadian macroeconomic variables, including the growth rate of gross domestic product (GDP) as well as the growth rates of its components (consumption, investment, government spending and net exports) and a projection of consumer price index (CPI) inflation in Canada.
3. A discussion of possible foreign and domestic risks to the projection relevant to the policy decision and the probability of these risks materializing. A good policy recommendation should balance the positive and negative risks to the inflation projection around a base case.²
4. Appropriate use of statistical methods or analytical framework to support main views and policy recommendations. For example, empirical models (e.g., VARs and time-series forecasts) can be used to generate own projections for key macroeconomic variables. Alternatively, you can enhance your articulation of key economic relationships or risk scenarios by supporting your case with quantitative analysis using simple calibrated models, econometric regressions or by constructing new indicators (e.g., uncertainty measure). Clarity of the analysis and economic intuition will be rewarded over the degree of complication.
5. The monetary policy recommendations.

Preparing the analysis

Teams will make recommendations as Bank of Canada staff. To achieve this, they will need to develop an understanding of how the Bank makes its decisions and structure their advice around what the Governing Council might need to know.

Students are expected to draw on all available information sources to develop an understanding of monetary policy issues in the context of the current economic environment. These can range from academic resources, such as textbooks and journals, to current news reports on economic trends at play in the world. Useful links are available on the Governor's Challenge website: <http://www.bankofcanada.ca/governorschallenge>.

The projected path of macroeconomic variables supporting the policy recommendation should be logically consistent. The projection should cover the next three years. Teams may choose to use econometric or macroeconomic models to generate their projections but should focus on providing intuition that follows from the model results results and not on the technical details of the model itself during the presentation.

² See, for example, the section titled "Risks to the Inflation Outlook" in the Bank of Canada *Monetary Policy Report*.

However, students should also be prepared to answer questions on the technical aspects of any models used³.

The uncertainty about the projections should be evaluated and considered in the policy recommendation, both in terms of statistical uncertainty and risk analysis. The depth and relevance of the risk analysis is important. Points for innovation on the evaluation can be achieved through an original technical analysis and the evaluation of risks.

It is also the team's responsibility to select their preferred economic indicators and data sets to use. Using a range of indicators is important to understand the evolution of the economy and to determine the appropriate monetary policy at different points in time. Points for innovation on the evaluation can be achieved through the use of reliable innovative data to support conclusions, but teams should be prepared to defend their choice of these data.

Presentation format

The presentation will consist of two parts:

- a 15-minute formal PowerPoint presentation
- a 15-minute question-and-answer session

It is very important to communicate your messages clearly and concisely, and presentation slides should be carefully prepared. A good presenter treats the information on each slide as a visual aid, which conveys at least one key point supported by appropriate data analysis. Each slide should have a take-away message that builds the case for the policy recommendation. The slides should be organized in a logical sequence.

Other details

- Presentation can be in English or French.
- The recommended length of presentation is 12 slides of Economic content. Final numbers are left to the teams' discretion. Teams may also prepare additional slides for reference, such as slides providing details on risk scenarios or on technical aspects of models.
- Hand-held cards may be used as prompts but should not be overused.
- Teams may sit or stand while presenting in the First Round and will stand in the National Round.
- Points will be deducted if the presentation exceeds 15 minutes.
- More than one team member may answer a judge's question, and team members may huddle to formulate a concise response to a judge's question. Lengthy and excessive conferences may result in points being deducted.
- There should be no logo or any indication of a team's school affiliation, either on the presentation slides or on their person (First Round only).
- Faculty advisors and/or coaches are not allowed in the room during the presentation.
- Teams must submit their presentation slides before noon, two business days before each round.

Judging

³ Technical details could be included in the appendices of the presentation to answer potential questions in the Q&As period.

In each of the two rounds, the presentation will be made to a panel of judges. The First Round will be judged by Bank's economists or financial sector specialists, and the National Round will be judged by a panel of distinguished judges, including a member of the Governing Council and a member of an renowned external institution.

Although the teams determine the presentation content, the judges will expect the teams to examine current economic and financial conditions; to analyze likely near-term changes in economic and financial conditions of critical importance to monetary policy (such as unemployment, inflation and output); to identify possible economic, financial or international issues that might present either positive or negative risks to the economy; and to recommend a monetary policy response based on the above conditions. Teams will be evaluated, as outlined in the scoring grid below, on the substance and quality of their analysis and arguments regarding the economic outlook and risks, the clarity and coherence of presentation, and their teamwork. In addition to the substance of the policy advice, judges will look for effective presentation skills and evidence of strong team collaboration and innovation. Familiarity with the material is extremely important. The best presenters speak naturally because they have a strong understanding of the information. Although a script may make students feel more comfortable, all team participants should demonstrate that they understand the concepts and information presented.

The judges will also assess the team's ability to adequately answer their questions. The questions test the team's understanding and knowledge and demonstrate their ability to think and respond quickly. Team members might be asked to clarify or expand on points made during the presentation, to explain how their policy recommendation would achieve the inflation target or to expand on a risk to inflation outlook.⁴

The judges will assess teams' performance against the specific criteria listed below. They will then award a score in each of the six categories, as follows:

Category	Score	Weight	Criteria
Quality of economic analysis and coherence of policy recommendation 9-10 = excellent 7-8 = good 4-6 = average 1-3 = poor	10	30	<ul style="list-style-type: none"> • Data are accurate and current • Sound knowledge of macroeconomics and monetary policy framework and process • Good grasp of the key influences on inflation • Comprehensive coverage of relevant recent developments • Conclusions and justifications of monetary policy recommendation <ul style="list-style-type: none"> ○ decision based on assessment of the outlook for the economy as a whole; ○ decision based on forward-looking analysis, taking account of the risks to the inflation outlook ○ decision flowed from the presentation, supported by relevant information
Clarity and structure of presentation and persuasiveness 9-10 = excellent 7-8 = good 4-6 = average 1-3 = poor	10	10	<ul style="list-style-type: none"> • Presentation was engaging and had a good, clear structure • Confident delivery, without reading verbatim from script or visual aids • Effective use of clear and well-labelled charts and figures • Efficient use of time to deliver material

⁴ This is not an exclusive list of potential questions.

Creative and innovative thinking 9-10 = excellent 7-8 = good 4-6 = average 1-3 = poor	10	10	<ul style="list-style-type: none"> • Originality of the economic and risk analysis and policy recommendation (not limited to what is included in recent releases of the <i>Monetary Policy Report</i>) • Use of relevant data to support economics and risk analysis <ul style="list-style-type: none"> ○ evidence of good research and investigation work with data drawn from a various of sources ○ ability to defend views when innovative views are brought forward
Execution of statistical/analytical framework 9-10 = excellent 7-8 = good 4-6 = average 1-3 = poor	10	10	<ul style="list-style-type: none"> • Statistical/analytical method(s) used to support key conclusion(s) are appropriate, clearly articulated and well executed • Analysis is well integrated into the presentation • Intuition provided by statistical/analytical method(s) is clear in the participants mind, and emphasised over technique
Teamwork 9-10 = excellent 7-8 = good 4-6 = average 1-3 = poor	10	10	<ul style="list-style-type: none"> • Even contribution from team members, each team member playing a substantial role in the presentation • Team members work well together in the Q&A session without one or two team members dominating
Q & A 9-10 = excellent 7-8 = good 4-6 = average 1-3 = poor	10	30	<ul style="list-style-type: none"> • Answers to questions demonstrated clarity of thinking and the ability to defend their view • Questions are answered clearly and fully and show depth of understanding of economic concepts • Questions are answered in a timely manner (without excessive consultation)
Total		100	

Awards

The winning teams from the First Round will get an all-expenses-paid trip to the Bank of Canada in Ottawa to participate in the national round event of the Governor's Challenge. All participants will receive a certificate of participation.

The winning team of the National Round will receive the Governor's Challenge award from the Governor of the Bank of Canada.

All national finalists will take home a commemorative bank note signed by the Governor and will also have an opportunity to meet members of the Bank of Canada's Governing Council.

The Challenge Rules

Teams

The competition is open to undergraduate students enrolled at all Canadian universities. Only one team is eligible to represent each distinct campus of a university.⁵ A core team will consist of four student presenters, one backup member (who must be registered at the same university) and one faculty advisor.

Teams are formed through their university's own selection process early each school year. A team can be formed in a number of ways, at the discretion of the Faculty Advisor; for example, as part of an extracurricular activity, as the result of a class- or school-based competition or hand selected by the Faculty Advisor. Students interested in participating in the Challenge should contact their school's Faculty Advisor through the Economics Department.

Although the core team members alone will represent the university in the First and (possibly) National Rounds, additional students may contribute to the preparations for the Challenge by gathering and analyzing data and background information, by researching important concepts and issues that are likely to be important to monetary policy, by preparing charts and other parts of the presentation or by judging practice sessions and providing feedback, for example. Core team membership must not change during the competition, except in exceptional circumstances and with the agreement of the Bank.

The Bank of Canada is a vibrant workplace that benefits from the unique perspectives, attributes and talents of its diverse workforce. We encourage all teams to keep these values in mind in the formation of their teams.

Registration

Faculty Advisors will provide individuals chosen to represent their school with information on how to register online for the Governor's Challenge. All correspondence, including sign-up and distribution of materials, will be done electronically through the registration site or by email. Faculty advisors and students are responsible for checking notices and posted materials; email messages should be read carefully.

Media and communications

The Bank of Canada will proceed with communications activities to promote the Governor's Challenge, which may include media releases, messages on social media, photos and videos. Universities are encouraged to do their own complementary communications, including on-campus advertising or other forms of promotion in advance of the competition.

The Bank will name participating universities in external communications. Names, photographs and video images of participating students may also be used by the Bank throughout the competition.

⁵ In order to qualify as a distinct campus, a school must grant undergraduate Economics degrees under its own name.

Code of conduct

To foster an efficient and respectful environment throughout the events of the Governor's Challenge, the Bank reminds students, faculty advisors and judges to adhere to the Code of Conduct:

- The Governor's Challenge is an educational program that encourages students to learn more about the Canadian economy and the Bank of Canada and to spur interest in economics and finance as the basis for a possible career.
- All participants should recognize that their participation in the Governor's Challenge is a privilege and should act in a responsible manner. They should conduct themselves professionally, respectfully and with integrity during all the events that constitute the Governor's Challenge.
- Participants should not engage in verbal or physical behaviour that, according to reasonable sensibilities, stigmatizes or victimizes an individual on the basis of race, colour, national origin, gender, sexual orientation, religion or disability.
- Participants should not engage in verbal or physical behaviour that threatens or harms any individual involved in the Governor's Challenge.
- Any family relationship between a participating student and a current or former employee of the Bank of Canada should be disclosed to the Bank in advance of registration for the event.
- All decisions made by the judges are final. Students and faculty advisors should not approach the judges with questions, comments or concerns about the judging process, feedback or scoring of teams. These questions, comments and concerns should be referred to the Governor's Challenge Steering Committee Chair or committee members, who will address them.

By participating in the Governor's Challenge, you agree to abide by this code of conduct. Failure to follow the code of conduct may result in your or your team's immediate disqualification from the Governor's Challenge and from other current and/or future programs organized by the Bank of Canada.

Participant Resources

For a complete list of suggested resources to prepare for the Governor's Challenge, please consult the Governor's Challenge website at <http://www.bankofcanada.ca/governorschallenge>.