ALFRED-WEBER-INSTITUT

Newsletter 15/2023

ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
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Upcoming Seminars

Monday, 12.6.2023	**Departmental Seminar**
13.30-14.30	Kostas Mavromatis, DNB, Amsterdam
AWI room 00.010	"Optimal Conventional and Unconventional Monetary Policy Mix"
	(Host: Joep Lustenhouwer)

Abstracts

Departmental Seminar

Kostas Mavromatis

"Optimal Conventional and Unconventional Monetary Policy Mix"*

We consider a dynamic stochastic general equilibrium model with three types of agents (savers, borrowers, and renters) and housing to analyze the optimal mix of conventional and unconventional monetary policy in normal times. The long rate differs from the short rate due to portfolio costs and affects aggregate demand directly through its partial pass-through to mortgage rates on borrowers. We characterize optimal monetary policy in a simple version of the model and show that the presence of heterogeneity (and exuberance shocks on house prices) generates a crucial role for affecting the long rate along with the short rate, in order to minimize inflation and/or output variability. This however comes at the expense of widening the asymmetries in the responses of private consumption of the different agent types. We show that the type of shock (e.g. demand or supply) is crucial in the decision of the central bank to steepen or flatten the yield curve.

*with Serdar Kabaca (Bank of Canada) and Sami Alpanda (University of Central Florida)

Talks and Research Visits

Tillmann Eymess visited the Department of Economics at the University of Copenhagen and presented the paper "Perceived Relative Income and Preferences for Public Good Provision" (joint with Anca Balietti and Angelika Budjan) in the *Seminar for Environmental Economics*, June 5.

Paula von Haaren presented the project "Cash transfers, women and trust in the state in South Asia" at the workshop on the *Political Economy of Development* at WZB Berlin, Social Science Center, June 1-2.

Zain Chaudhry presented his paper, "Fickle Groups: A Field Experiment on Time Preferences" (joint with Karrar Hussain), at the *Naples Workshop on Networks and Development*, Naples, Italy, May 29-31.

Miscellaneous

Michael Stollenwerk, former Ph.D. student at the chair of Christian Conrad, successfully defended his theses on "Modelling and Forecasting of Realized Covariance Matrices", June 1. Michael took up a position at *Pictet Asset Management*, as Risk Analyst, May 1, 2023.

Editorial deadline for issue 16/2023 of the newsletter:
Wednesday, June 14, 2023, 12 p.m.
newsletter@awi.uni-heidelberg.de