



## Upcoming Seminars

### **Monday, 24.6.2024**

13.30-14.30  
AWI room 00.010

### **Departmental Seminar**

Christoph Grosse Steffen, Banque de France  
"Do Inflation Target Formulations Matter?"  
(Host: Zeno Enders)

### **Tuesday, 25.6.2024**

12.30-14.00  
ZEW room 1

### **Environmental Economics Brownbag Seminar**

Manuel Linsenmeier, Columbia University  
"Quantifying the direct and indirect benefits of climate policies in the USA"

### **Wednesday, 26.6.2024**

12.15-13.15  
AWI room 00.010

### **Internal Seminar**

Pascal Kieren, AWI  
"Reference-dependent Expectations"

### Departmental Seminar

Christoph Grosse Steffen, Banque de France

"Anchoring of Inflation Expectations: Do Inflation Target Formulations Matter?"

Inflation target formulations differ across countries and over time. Most widespread are point targets, target ranges, hybrid combinations of the two, or mere definitions of price stability. This paper proposes a novel empirical measure of expectations anchoring based on the cross-sectional distribution of private sector inflation point forecasts. Applying this to a panel of 29 countries, it finds three main results. First, a numerical target definition per se does not improve anchoring compared to a definition of price stability, while the formulation of a numerical reference point increases the degree of anchoring. Second, point targets and hybrid target formulations are associated with better anchoring than target ranges. Third, periods of persistent target deviations lead to an increase in tail risks to the inflation outlook. Conditional on such periods, point targets and hybrid targets attenuate tail risks to the inflation outlook, with a stronger quantitative effect for point targets. The results are consistent with models suggesting that target ranges are interpreted as zones where monetary policy is less active.

### Internal Seminar

Pascal Kieren, AWI

"Noisy hypothesis testing"

This paper examines how reference-dependent states affect investors' learning from financial information. In a dynamic learning environment, we show that trading in the loss domain not only affects behavior but also biases expectations: Conditional on receiving the same information, individuals who learn under a transitory state of losses form significantly more optimistic expectations than those who learn under a state of gains. As mechanism, we identify that trading in the loss domain causes individuals to become inattentive towards negative recent signals to sustain their risk appetite. Such behavior ultimately weakens the transmission from beliefs to behavior and is able to generate well-known trading patterns in financial markets such as the disposition effect.

## Brownbag Seminar

Manuel Linsenmeier, Columbia University

"Quantifying the direct and indirect benefits of climate policies in the USA"

Climate policy at the subnational level is often considered puzzling, because climate change is considered a collective action problem that can be best addressed in a coalition that should be as large as possible. Using comprehensive data from US states on climate policy and policy outcomes, we show that state-level policy is effective in accelerating the adoption of solar energy. Crucially, however, state policies also have positive spillovers to other states, by making it more likely that neighboring states adopt climate policy as well. By proportionally attributing the spillover effects, we find that many US states achieve more climate benefits through the spillovers to other states than within their own jurisdiction. In a further step, we distinguish between policies in the energy sector and policies addressed either at other sectors or greenhouse gas emission (GHG) reductions generally. We find that the energy sector policies diffuse more broadly and have a significant effect on solar capacity growth, unlike the other policies.

## Talks and Research Visits

**Christoph Becker** presented the paper "Updating in Light of the Unforeseen" at the *Annual Meeting of the Society for Experimental Finance* in Stavanger, Norway, on June 10 – 13, 2024.

**Zeno Enders** presented the paper "The Experience Formation Mechanism" (joint work with Christian Conrad and Alexander Glas) at the *University of Hannover*, June 12, and participated in the annual meeting of the *VfS standing field committee for Macroeconomics* in Potsdam, June 6-7.

**Timo Goeschl** gave a seminar on "Transporting nudges to the poor: An RCT on increasing energy efficiency investments among low-income households" (joint with B. Chlond, M. Kesternich and M. Werthschulte) at the *Department of Economics, University of Bologna* on June 13, 2024.

**Pascal Kieren** presented the paper "Information Partitioning, Learning, and Beliefs" at the *Annual Meeting of the Society for Experimental Finance* in Stavanger, Norway, on June 10 – 13, 2024.

**Julian Matthes** attended the 3rd BESLab Experimental Economics Summer School in Computational and Experimental Economics held at *Universitat Pompeu Fabra*, in Barcelona, from 3 to 9 June, 2024.

**Katharina Momsen** attended the 16th *Maastricht Behavioral and Experimental Economics Symposium (M-BEES)* on June 17, 2024 and the 9th *Maastricht Behavioral Economic Policy Symposium (M-BEPS)* on June 18, 2024 hosted by the Department of Microeconomics and Public Economics of Maastricht University.

**Stefan Trautmann** presented the paper "A Choice-based Approach to the Measurement of Inflation Expectations" at the *Annual Meeting of the Society for Experimental Finance* in Stavanger, Norway, on June 10 – 13, 2024.

Editorial deadline for issue 17/2024 of the newsletter:  
Wednesday, June 26th, 2024, 12 p.m.  
[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)