



Upcoming Seminar

Monday, 01.07.2024 Departmental Seminar

13.30-14.30

AWI room 00.010

Guido Ascari, U Pavia / Nederlandse Bank

"The Macroeconomic Effects of Inflation Expectations: The Distribution Matters"

(Host: Joep Lustenhouwer)

Abstract

Departmental Seminar

Guido Ascari, U Pavia / Nederlandse Bank

"The Macroeconomic Effects of Inflation Expectations: The Distribution Matters?"

A monetary policy BVAR augmented with heterogeneous beliefs explores the macroeconomic effects in US data of shocks to the distribution of short-term inflation expectations, using the Michigan Survey. Throughout a comprehensive density impulse response function analysis, we show the importance of accounting for the whole expectation distribution. Dispersion shocks are recessionary, via the effects on consumer sentiment, and the effects are sharper when the shock mass is condensed on the tails. Specifically, left-tail perturbations account for the largest effect of expectations shocks on macroeconomic fluctuations. Furthermore, our results show that the (not so) obvious benefits obtained by anchoring the inflation expectations consensus might be completely overthrown in the presence of excessive dispersion, a feature that central banks should take into account.

Talks and Research Visits

Christian Conrad presented the paper "Long-Term Volatility Shapes the Stock Market's Sensitivity to News" (joint with Julius Schoelkopf and Nikoleta Tushteva) at the *Finance@VU seminar* at *Vrije Universiteit* Amsterdam, June 21, 2024.

Sebastian Ebert gave a talk on "Eliciting Stopping Times" at the *Norwegian University of Science and Technology* Trondheim on June 20.

Julian Matthes and **David Piazzolo** gave a talk on "The Strategic Benefits of Sending Your Friends Away: A Coopetition Problem in Professional Road Cycling" at the *Workshop on Sports, Economics, and Natural Experiments* hosted by the *Center for Research in Sports Administration* at the *University of Zurich* on June 24, 2024.

New Publications

Zeno Enders and **David Vespermann** (BASF): "Cross-country unemployment insurance, transfers, and trade-offs in international risk sharing" was accepted for publication in the *Journal of Monetary Economics*.

New Working Papers

Ferdinand Rauch, Richard Hornbeck, Guy Michaels: "Identifying Agglomeration Shadows: Long-run Evidence from Ancient Ports", *AWI Discussion Paper Series* No. 750, June 2024.

Editorial deadline for issue 18/2024 of the newsletter:
Wednesday, July 3rd, 2024, 12 p.m.
newsletter@awi.uni-heidelberg.de