DAY 2 Online Workshop - Revisiting Monetary Policymaking Under Uncertainty: The 25th Anniversary of the Central Bank Modeling Workshop

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Hard to believe it has been 25 years since the first central bank modeling workshop. The title of the first workshop was “Monetary Policy Under Uncertainty”. It was the time of the inflation-targeting pioneers. In addition, at the beginning of 1990s, the Bank of Canada developed solution methods for solving a class of useful nonlinear models with plausible representations of the monetary policy transmission mechanism. The methods were incorporated in the Bank’s Quarterly Projection Model (QPM). The Reserve Bank of New Zealand (RBNZ), with help from the Canadians, then implemented this approach to support its novel Inflation Targeting regime, launching what it is known today as the Forecasting and Policy Analysis System (FPAS). Publicly disclosed forecasts used to inform and explain decisions taken in pursuit of clear policy targets, became the gold standard for monetary policy.

This year, the keynotes and panels at the workshop will review the history of macroeconomic modeling as a tool for monetary policymaking. The focus will be on extracting lessons from that history. One line of enquiry will concern adaptations of FPAS-style analytical frameworks that may be needed given what The Economist has recently described as the essence of the new normal: persistent large uncertainty.

Is it time for FPAS Mark II? Another line of enquiry will concern whether FPAS-style analytical frameworks can usefully be deployed within the fields of macroprudential and fiscal policymaking. Conference panels will discuss both these questions.

This year we have an amazing group of scholars and policymakers participating in the workshop’s conferences and policy panels!

Day 2 Agenda - Thursday November 10, 2022 Room 1
Keynote speaker

8:00-9:00 Dynare/ Julia and the future of macroeconomic modeling
Michel Julliard (Research Director, Banque de France)

Room 1
PANEL: FORECASTING AND POLICY ANALYSIS SYSTEM - FPAS I

9:00-10:00

Martin Galstyan (Governor, Central Bank of Armenia)
Don Coletti (Advisor to the Governor, Bank of Canada)
Mariami Tchanturia (Researcher, National Bank of Georgia)
José Vicente Romero (Research Economist, Banco de la República)

Buffer / Break 10:00-10:30 Room 1
SESSION 3A: Information, Knowledge, and Uncertainty in macroeconomic models

10:30-11:00 *The Fed Put and Monetary Policy: An Imperfect Knowledge Approach*
Adrian Ifrim (UAB, BSE & CREi)

11:00-11:30 *Financial intermediation and monetary and macroprudential policies in a small open economy*
Rolan Mnatsakanyan (Central Bank of Armenia)

11:30-12:00 *Missing the (Inflation) Target in Expectations? A Story of Anticipation*
Mridula Duggal (Universitat Autonoma de Barcelona (UAB))

Room 2
SESSION 3B: Sectoral dynamics and the transmission of shocks

10:30-11:00 *The transmission of oil price shocks through the US banking sector*
Paolo Gelain, Marco Lorusso (Federal Reserve Bank of Cleveland, Newcastle University)

11:00-11:30 *Sectoral shocks, labor mobility and heterogeneity in price/wage stickiness*
Ernil Sabaj (University of Warwick)

11:30-12:00 *Non-Linear Productivity and Investment Dynamics*
Giulio Fella, Julio Galvez, Beatriz Gonzalez, Juan Carlos Ruiz-Garcia, Tatsuro Senga (Queen Mary University of London, Banco de España, Banco de España, Universitat de les Illes Balears, Queen Mary University of London)

Room 3
SESSION 3C: Inflation expectations and inflation targeting

10:30-11:00 *Average Inflation Targeting and the Interest Rate Lower Bound*
Flora Budianto, Taisuke Nakata, Sebastian Schmidt (BIS, University of Tokyo, ECB & CEPR)

11:00-11:30 *Should Central Banks Consider Household Inflation Heterogeneity?*
Ulrike Neyer, Daniel Stempel (Heinrich Heine University Dusseldorf)

11:30-12:00 *Can a Shifting Inflation Target Help at the Zero Lower Bound?*
Chao Shen (Graduate Institute of International and Development Studies)

Room 4
SESSION 3D: Policy implications of heterogeneity in macroeconomic models

10:30-11:00 *HANK beyond FIRE*
Jose-Elias Gallegos (Banco de España)

11:00-11:30 *Firm Financial Conditions and the Transmission of U.S. Monetary Policy*
Thiago R.T. Ferreira, Daniel A. Ostry, John Rogers (Federal Reserve Board, University of Cambridge, Fudan University)

11:30-12:00 *Financial Cycles under Diagnostic Beliefs*
Antoine Camous, Alejandro Van der Ghote (University of Mannheim, European Central Bank)

Buffer / Break / Lunch 12:00-13:00 Room 1
SESSION 4A: Topics in Inflation Expectations

13:00-13:30 *Responsiveness of consumers' medium-term inflation expectations: evidence from a new euro area survey*
Ewa Stanislawska, Maritta Paloviita (Narodowy Bank Polski, Bank of Finland)

13:30-14:00 *Weather shocks in semi-structural models*
José Vicente Romero, Sara Naranjo-Saldarriaga (Banco de la República)

14:00-14:30 *Unravelling the narratives behind macroeconomic forecasts*
Marcela De Castro-Valderrama, Santiago Forero-Alvarado, Nicolás Moreno-Arias, Sara Naranjo-Saldarriaga (Banco de la República)

Room 2
SESSION 4B: Unconventional monetary policy and macroeconomic risks II

13:00-13:30 *Forward Guidance and the Yield Curve*
Prasanna Gai, Cameron Haworth (University of Auckland, Reserve Bank of New Zealand)

13:30-14:00 *Recession Signals: What, When, and (Hints Regarding) Why?*
Michael T. Kiley (FED)

14:00-14:30 *Risk aversion, U.S Monetary Policy and sovereign yields stability in Ems*
Younes TAKKI CHEBIHI (CNRS, Univ. Bordeaux)

Room 3
SESSION 4C: Topics in monetary policy III: New Methods and Data

13:00-13:30 *Equity Financing and Monetary Policy*
Xing Guo, Pablo Ottonello, Toni M. Whited (Bank of Canada, University of Michigan and NBER, University of Michigan and NBER)

13:30-14:00 *We should reject the natural rate hypothesis: Evidence from high and middle-income economies*
Julian Roa Rozo (Universidad de Los Andes)

14:00-14:30 *Central Bank Policy Mix: Policy Perspectives and Modelling Issues*
Solikin M. Juhro, S. Sahminan, Atet Wijoseno, Jati WaluyoM., Barik Bathaluddin (Bank of Indonesia)

Room 4
SESSION 4D: Topics in monetary policy IV: new methods in risk modeling

13:00-13:30 *Central Bank Digital Currency in a Developing Economy: A Dynamic Stochastic General Equilibrium Analysis*
Pablo Nebbi Rivera Moreno, Karol Lorena Triana Montaño (Sergio Arboleda University)

13:30-14:00 *Modeling CDS Volatility at Different Tenures: An Application for Latin-American Countries*
Fredy Gamboa-Estrada, José Vicente Romero (Banco de la República)

14:00-14:30 *Choosing the right apple to bite: Optimal foreign currency debt denomination*
Jorge Mondragón (International Monetary Fund & Universidad de Los Andes)

Hosted by:
The Better Policy Project and Banco de la República - Colombia (Central Bank of Colombia).

Fuente: https://www.banrep.gov.co/en/news/events/day-2-25deg-workshop