

11th DYNARE CONFERENCE

National Bank of Belgium

Auditorium of the National Bank of Belgium

Rue Montagne aux Herbes Potagères, no. 61

September 28-29, 2015

Brussels

Program

Monday, September 28th

08:30-09:00

Registration

09:00-10:45

Sessions A

A.1

Monetary policy and financial stability. Room: A1

1. Financial stability and optimal interest-rate policy.

A. Ajello (FRB), T. Laubach (FRB), D. López-Salido (FRB) and T. Nakata (FRB) Paper

2. The new financial regulation in Basel III and monetary policy: A macroprudential approach.

M. Rubio (Nottingham U.) and J. Carrasco-Gallego (Portsmouth U.) Paper

3. Countercyclical capital rules for small open economies.

D. Clancy (European Stability Mechanism) and R. Merola (ILO) Paper

A2

Solution methods. Room: A2

1. Semi-global solutions to DSGE models: Perturbation around a deterministic path.

V. Ajevskis (Bank of Latvia) Paper

2. Linearization about the current state: A computational methods for approximating nonlinear policy functions during simulation.

R.W. Evans (Brigham Young U.) and K.L. Phillips (Brigham Young U.) Paper

3. Using adaptive sparse grids to solve high-dimensional dynamic models.

J. Brumm (Zürich U.) and S. Scheidegger (Zürich U.) Paper

A3

Labor market. Room: B

1. Discount factor shocks and labor market dynamics.

J. Albertini (Humboldt U.) and A. Poirier (U. Le Mans) Paper

2. Migration, unemployment and the business cycle: A euro area perspective.

M. Clemens (Potsdam U.) and J. Hart (Potsdam U.) Paper

3. Welfare cost of fluctuations when labor market search interacts with financial frictions.

E. Iliopoulos (Evry U.), F. Langot (Le Mans U.) and T. Sopraseduth (Le Mans U.) Paper

A4

International spillovers. Room: C

1. Foreign shocks in an estimated multi-sector model.

D. Bergholt (Norges Bank) Paper

2. Crisis, contagion and international policy spillovers under foreign ownership of banks.

M. Brzoza-Brzezina (Narodowy Bank Polski), M. Kolasa (Narodowy Bank Polski) and K.

Makarski (Narodowy Bank Polski) Paper

3. Financial intermediaries, international portfolio choice and “financial contagion”.

J. Krenz (Humboldt U.) Paper

- A5 **Estimating models for monetary policy.** Room: Auditorium
1. Estimating macroeconomic models of financial crises: An endogenous regime switching approach.
G. Benigno (London School of Economics), A. Foerester (Kansas City Fed), Ch. Otrok (Missouri U.), A. Rebucci (Johns Hopkins U.) and E.R. Young (Virginia U.)
 2. Estimating DSGE models with forward guidance.
M. Kulish (New South Wales U.), J. Morley (New South Wales U.) and T. Robinson (Melbourne U.) Paper
 3. An estimated DSGE model with a deflation steady state.
Y. Hirose (Keio U.) Paper
- 10:45-11:15 Coffee break
- 11:15-12:30 **Plenary session.** Room: Auditorium
Accounting for post-crisis inflation
Harald Uhlig (U. Chicago) and Ch. Fratto (U. Chicago) Paper
- 12:30-14:00 Lunch
- 14:00-15:45 **Sessions B**
- B1 **Estimation methodology II.** Room: A1
1. Sigma point filters for dynamic nonlinear regime switching models.
A. Binning (Norges Bank) and J. Maih (Norges Bank) Paper
 2. Slice sampling in Bayesian estimation of DSGE models.
C. Planas (European Commission), M. Ratto (European Commission), A. Rossi (European Commission) Paper
- B2 **Financial frictions I.** Room: A2
1. A New Keynesian model with collateral quantity constraints.
R. Beyer (Goethe U.) Paper
 2. Uncertainty in a model with credit frictions.
A. Cesa-Bianchi (Bank of England) and E. Fernandez-Corugedo (IMF) Paper
 3. Macroeconomics implications of female entrepreneurs facing financial frictions to access to credit: a DSGE Model approach in Cameroon.
T. Kame Babilla (Yaoundé U.), A. Ngo Bilong (Yaoundé U.), S. Kendo (Yaoundé U.) and M. Jaures Ndzana Eloundou (Yaoundé U.) Paper
- B3 **Monetary policy I.** Room: B
1. Large-scale asset purchase program in the euro area: A model-based evaluation.
P. Cova (Bank of Italy), P. Pagano (Bank of Italy) and M. Pisani (Bank of Italy) Paper
 2. Monetarism rides again? US monetary policy in a world of Quantitative Easing.
V. Phuong Mai Le (Cardiff U.), D. Meenagh (Cardiff U.) and P. Minford (Cardiff U.) Paper
 3. The interaction of monetary and macroprudential policies in economic stabilisation.
A. Silvo (Helsinki U.) Paper
- B4 **Fiscal policy.** Room: C
1. Fiscal rules and unemployment.
B. Gehrke (Erlangen-Nürnberg U.) Paper
 2. Government spending and the exchange rate.
G. Di Giorgio (LUISS U.), S. Nisticò (Sapienza U.) and G. Traficante (European U. of Rome) Paper

3. Fiscal rules: Towards a new paradigm for fiscal sustainability in the Caribbean.
K. Grenade (Caribbean Development Bank), A. Wright (Central Bank of Barbados) and A. Scott-Joseph (West Indies U.) Paper
- B5 **Business cycle dynamics.** Room: Auditorium
1. How robust are popular models of nominal frictions.
B. D. Keen (Oklahoma U.) and E.F. Koenig (Dallas Fed) Paper
 2. State-dependent pricing and the paradox of flexibility.
L. Dedola (ECB) and A. Nakov (ECB) Paper
 3. Intrinsic persistence of wage inflation in New Keynesian models of the business cycles.
G. Di Bartolomeo (Sapienza U.) and M. Di Pietro (Sapienza U.) Paper
- 15:45-16:15 Coffee break
- 16:15-18:00 **Sessions C**
- C1 **Methodological advances.** Room: A1
1. Tractable Bayesian estimation of non-linear DSGE models using higher-order approximations—with application to a model with global banking.
R. Kollmann (U. Libre de Bruxelles) Paper
 2. Higher-order statistics for DSGE models.
W. Mutschler (Münster U.) Paper
 3. Generalized exogenous processes in DSGE: A Bayesian approach.
A. Meyer-Gohde (Hamburg U.) and D. Neuhoff (Humboldt U.) Paper
- C2 **Learning and expectations.** Room: A2
1. The role of term structure in an estimated DSGE model with learning.
P. Aguilár (U. Catholique de Louvain) and J. Vásquez (U. del País Vasco) Paper
 2. Yield curve and monetary policy expectations in small open economies.
K. Soo Bong (Bank of Korea), T. Doh (Kansas City Fed) and W.Y. Park (Urbana-Champaign U.) Paper
 3. Optimal monetary policy with learning by doing.
Ch. Redl (Queen Mary U.) Paper
- C3 **News shocks and forecasting.** Room: B
1. Identifying news shocks with forecast data.
Y. Hirose (Keio U.) and T. Kurozumi (Bank of Japan) Paper
 2. New shocks and international business cycles.
D. Siena (Banque de France)
 3. JDEMETERA+ Nowcasting: Macroeconomic monitoring and visualizing news.
Ph. Charles (National Bank of Belgium), D. De Antonio Liedo (National Bank of Belgium), M. Maggi (National Bank of Belgium) and J. Palate (National Bank of Belgium)
- C4 **Investment and firms dynamics.** Room: C
1. Investment-specific shocks, business cycles and asset prices.
G. Curatola (Goethe U.), M. Donadelli (SAFE), P. Grüning (CEFER) and Ch. Meinerting (Goethe U.) Paper
 2. The growth potential of startups over the business cycle.
P. Sedláček (Bonn U.) and V. Sterk (U. College London) Paper
 3. Learning by doing in new firms and the optimal rate of inflation.
H. Weber (Bundesbank) Paper

- C5 **Heterogenous expectations.** Room: Auditorium
1. Optimal monetary policy in a New Keynesian model with heterogeneous expectations.
G. Di Bartolomeo (La Sapienza U.), M. Di Pietro (La Sapienza U.) and B. Giannini (La Sapienza U.) Paper
 2. Monetary policy with diverse private expectations.
M. Kurz (Stanford U.), M. Motolese (Catholic U. of Milan), G. Piccillo (Utrecht U.) and Howei Wu (Shanghai U. of Finance and Economics) Paper
 3. Fiscal consolidations and heterogenous expectations.
C. Hommes (Amsterdam U.), J. Lustenhouwer (Amsterdam U.) and K. Mavromatis (Tinbergen Institute) Paper
- 20:00-22:00 Conference dinner

Tuesday, September 29th

- 09:00-10:45 **Sessions D**
- D1 **Inflation/deflation.** Room: A1
1. Risk, oil prices and missing deflation during the Great Recession.
E. Kara (Bristol U.) and A. Pirzada (Bristol U.) Paper
 2. Disinflationary shocks and inflation target uncertainty.
S. Neri (Banca d'Italia) and T. Ropele (Banca d'Italia) Paper
 3. Labor market policies and the "missing deflation" puzzle: Lessons from Hoover policies during the U.S Great Depression.
J. Roulleau-Pasdeloup (HEC Lausanne) and A. Zhutova (Paris School of Economics) Paper
- D2 **Policy design and implementation.** Room: A2
1. The implementation of stabilization policy.
O. Loisel (ENSAE) Paper
 2. Taylor rules and central bank preferences in three small open economies.
J. Paez-Farrell (Sheffield U.) Paper
 3. Conservatism and liquidity traps.
T. Nakata (FRB) and S. Schmidt (ECB) Paper
- D3 **Debt dynamics.** Room: C
1. The macroeconomic effects of the euro area's fiscal consolidation 2011-2014: A simulation-based approach.
A. Rannenberg (Macroeconomic Policy Institute), Ch. Schoder (Vienna U.) and J. Strasky (OECD) Paper
 2. Debt consolidation with long-term debt.
A. Scheer (Bonn U.) Paper
 3. Debt-ridden borrowers and productivity slowdown.
K. Kobayashi (Keio U.) and D. Shirai (The Canon Institute for Global Studies) Paper
- D4 **Euro area.** Room: Auditorium
1. The slow recovery in the euro area.
R. Priftis (European Commission), W. Roeger (European Commission) and Jan in't Veld (European Commission) Paper
 2. Parsing financial fragmentation in the euro area: A multi-country DSGE perspective.
M. Darracq Pariès (ECB), P. Jacquinot (ECB) and N. Papadopoulou (ECB)

3. Inflation, financial conditions and non-standard monetary policy in a monetary union. A model-based evaluation.
L. Burlon (Banca d'Italia), A. Gerali (Banca d'Italia), A. Notarpietro (Banca d'Italia), M. Pisani (Banca d'Italia) Paper
- 10:45-11:15 Coffee break
- 11:15-12:30 **Plenary session.** Room: Auditorium
Forecasting with large time-varying parameters VARs
Gianni Amisano (FRB), D. Giannone (NY Fed) and M. Lenza (ECB)
- 12:30-14:00 Lunch
- 14:00-15:45 **Sessions E**
- E1 **Financial frictions and macroprudential policy.** Room: A1
1. Learning about banks' net worth and the slow recovery after the financial crisis.
J. Hollmayr (Bundesbank) and M. Kühl (Bundesbank) Paper
 2. EAGLE-FLI: A model for the macroeconomic analysis of banking sector and financial frictions in the euro area.
N. Bokan (Croatian National Bank), A. Gerali (Bank of Italy), S. Gomes (Bank of Portugal), P. Jacquinot (ECB) and M. Pisani (Bank of Italy) Paper
- E2 **Monetary and fiscal policy.** Room: A2
1. On the role of money in the identification of monetary policy behavior: A Bayesian DSGE perspective.
B. Li (Tsinghua U.) and Q. Liu (The Chinese U. Hong Kong)
 2. Macroeconomics at the zero lower bound: Quasi-fiscal monetary policy vs. quasi-monetary fiscal policy.
Guay Lim (Melbourne U.) and P. McNelis (Fordham U.) Paper
 3. "Headwinds" and Fed policy: A new model.
W.K. Phoa (The Capital Group) Paper
- E3 **Monetary policy, international dimensions.** Room: B
1. Optimal monetary policy rule and cyclicity of fiscal policy in a developing oil economy.
A. Algozhina (CERGE-EI) Paper
 2. Effects of US quantitative easing on emerging market economies.
S. Bhattarai (U. Texas at Austin), A. Chatterjee (New South Wales U.) and W.Y. Park (Urbana-Champaign U.)
 3. Reassessing the effects of foreign monetary policy on output: New evidence from structural and agnostic identification procedures.
J. Fornero (Central Bank of Chile), R. Montero (Rutgers U.) and A. Yany (Central Bank of Chile) Paper
- E4 **Country/regional models.** Room: C
1. R.E.M. 2.0: An estimated DSGE model for Romania.
M. Copaciu (National Bank of Romania), V. Nalban (National Bank of Romania) and C. Bulete (National Bank of Romania) Paper
 2. Informal employment under different shocks in dynamic stochastic general equilibrium model of Iran's economy.
M. Esfandyari (Sistan and Baluchestan U.) and N. Dahmardeh (Sistan and Baluchestan U.) Paper

3. Dynamic economic and coordination of fiscal – monetary policies in Latin America: Evaluation through a DSGE model.

D. Valdivia (*Tax Authority Challenge*) and **D. Pérez** (*Banco Central de Venezuela*) Paper

15:45-16:15

Coffee break

16:15-18:00

Sessions F

F1 **Uncertainty.** Room: A1

1. The shadow rate of interest, macroeconomic trends, and time-varying uncertainty.

B. Johannsen (*FRB*) and **E. Mertens** (*FRB*) Paper

2. Disaster risk and preference shifts in a New Keynesian model.

M. Isoré (*Helsinki U.*) and **U. Szczerbowicz** (*CEPII*) Paper

3. Fifth order perturbation solution to DSGE models.

O. Levintal (*Interdisciplinary Center Herzliya*) Paper

F2 **Financial frictions III.** Room: A2

1. Explaining the boom-bust cycle in the U.S. housing market: A reverse-engineering approach.

P. Gelain (*Norges Bank*), **K. J. Lansing** (*Federal Reserve Bank of San Francisco*) and **G. J. Natvik** (*BI Norwegian Business School*) Paper

2. Rented vs. owner-occupied housing and monetary policy.

M. Rubio (*Nottingham U.*) Paper

3. Financial shocks, loan loss provisions and macroeconomic stability.

R. Zilberman (*Lancaster U.*) and **W. Tayler** (*Lancaster U.*) Paper

F3 **Bounded rationality and expectations.** Room: B

1. Animal spirits in open economy: An interaction-based approach to bounded rationality.

T.-S. Jang (*Kyungpook National U.*) Paper

2. Near-rational expectation: How far are surveys from rationality?.

S. Ivashchenko (*St. Petersburg Institute for Economics and Mathematics*) Paper

3. A pitfall of expectational stability analysis.

T. Kurozumi (*Bank of Japan*) and **W. Van Zandweghe** (*Kansas City Fed*) Paper

Organization committee:

Nesma Ali (CEPREMAP), Michel Juillard (Banque de France), Pelin Ilbas (National Bank of Belgium), Raf Wouters (National Bank of Belgium)

The conference is supported by:

National Bank of Belgium, Banque de France, DSGE-net, Dynare project at CEPREMAP, European Commission FP7 project MACFINROBODS (grant number 612796).