

Preparing Draft for Susanto of Sept 15  
w/ estimation results

11 Sept 2020

Bob King meeting

Paper & show: will range & topics & tools

↳ challenging to outsiders

1. too many things going on → what are cool features?

↳ big challenge for JM → at getgo, ID key findings & results

2. graphs at beginning

SPF

behavior of relevant price indices

→ to make us believe that simple KF rules  
can't capture any richness → worrin!

! See recording in presentations > dissertation-workshops >  
feedback-sept 2020 > Bob King discussion

↳ Actually now it's just no BC-Research  
to/c GitHub had committing issues.

19 Sept 2020

- ① The key difference to Bordalo et al's diagnostic E is that  $\theta$  is static here
  - in other words, the extent to which expectations exaggerate the representative feature is a constant and is policy-invariant
  - vs. the key feature of the anchoring expectation is that the distortion in E away from RE is dynamic & depends on policy
  - an exeq gain scheme would be a closer analogue to Bordalo et al b/c policy invariant
- ② What we need to show in data is that the responsiveness to fe itself is time-varying.

## Ryan meeting

16 Sept 2020

- 1) Should I submit all materials and Casey submits references?  
Yes.
- 2) Should I always send you reminders of deadlines?  
No.
- 3) Should I always send you all the tailored materials?  
No.
- 4) Micro, mechanics, finance, business plans → no macro?
- 5) Hollowing out of the middle: nothing between Harrowd and Chengdu U
- 6) Go this year? Comparison of # to last year

- 1) Slippage: Casey is a designee → she submits the letters you do everything else

Some schools won't let you designate a designee → put down advisors' info

- They get the email, fwd to Casey
- Casey uploads letter.

Not confirmed that that's the approach this year.

- 2) Historically Ryan's letter is done Nov, first week.

Earlier deadlines need communication

- 3) Cover letter — only pro forma! No need to send CV can send. Research statement / Teaching statement  
→ send!

Numbers: not empty markets: not a little # of open posis.

Apply anywhere you would go. (in some state of the world)

Hertie - don't know → look at faculty: how big?

↳ quite large, few macro

• areas of expertise

↳ business schools: fewer macro

• std. (whether  
got edn?)

more teaching

pay more

Mannheim - doesn't know but pretty good

U B Paris - -11-

4) Baseline: heterogeneity tends to be the same as on my list.

5) Hollow out: seems right

6) About now is when you start paying a cost for pulling out  
of the market.

Real cost: when you get interviews from senior places  
and decline.

Carlos III Madrid good place

Dallas Fed good

Banks of Mex has hired interesting ppl

SF normally don't hire rookies (i.e. new Phds)

FNCB WIB

Check Carbondale (more than 6 contracts?) maybe not worth it.

CB Chile interesting

Alan Finkelman Shapiro is now at Tufts.  
ah yes, he is Ryan's mentor and  
has worked

U Surrey Postdoc → Alan Finkelman Shapiro w/  
several  
↳ Ryan knows so if you Blgpl  
could imagine it

Samford - serious place?

SSE postdoc interesting

Oxford-Nuffield interesting

He doesn't know the rest

Postdocs will help clear the market this year  
↳ pay attention to those!

Sanjay Chugh  
Fabio D'Amico  
Federico  
Mandelman

## Green Law - Miao Discussion

18 Sept 2020

- Tomasz: why not  $\hat{A}_t, \hat{B}_t$ ?  $\rightarrow$  b/c You update based on  $f_t$  which is realized conditional on  $\hat{E}_{t+1}^2$
- Distortion?  
they coincide
- Would be good to state ass. on  $\hat{E}^1$  e.g. does it fulfill LIE etc?
- Claim: "Endogenous" — it's not , microfoundation??  
 $\hookrightarrow$  it allows the public to adapt its  $E$ -formation to environment
- "Anchored" def not clear in paper
- fc bad notation b/c one variable
- "Expected mean inflation" is "long-run  $E$ "  $\rightarrow$  confusing terminology

Main complaint: exposition  
notation  
structure  $\rightarrow$

Ryan: def = might be helpful to think of metric of anchoring (continuous quantity of anchoring)

Bob:

Fed policy need to be endogenous

Susanto:

Bob's question:  $\pi^*$  is fixed

Suppose Fed wants to change the target

Pablo:

PC flat

Fabian Windler GLMM feedback

22 Sept 2020

lot of work to do:

- endogenous gain: what is it exactly
  - Marat & Nicolini has done that

- 1) • Shouldn't be a detection story
  - too much intro (7 min is too much)
  - . what the paper does
  - . why it's interesting
  - . main results

↳ spp graph wasn't helping b/c E are above 2.5%

Maybe allude to volatile E being a bad thing in general

"Apparently the Fed cares about the stability of LR-E  
Here is a model that explains why."

Under RE it's fine

But here no.

↳ For an interview, way too long intro.

↳ 2 min: stability of LR-E.

## 2) Calibration

Need to spend time on it

especially if you wanna talk about welfare.

↳ <sup>show</sup> volatility of  $\alpha$  &  $x$  in model  
just a reality check.

- Degree of anchoring better than binary
- Clarity of concepts
  - forecast error

↳ Send him draft.

## BOS FED press

22 Sept 2020

- What
- Vaidhali : Cyclic planning vs anchoring  
↳ volatility due to non-RE
- → back out response in 10-year expectation from LR-E.
- Philippe : ↓ in LR-E not engineered by CB  
↳ consensus :  $\beta$  (LR-E to fe)  
met doesn't say that it was a policy mistake  
PCE is  $2\%$  then CPI is  $2.5\%$   
GSOE tend to answer in CPI

## Ryan meeting after

- 1) 2 versions of talk
  - SLAE
  - Boston Fed
- 2) focus on making contribution clear early  $\Rightarrow$  comes too late

- 3) 3 candidate intros 2 pages
- Powell
  - anchored
  - Graph SPF & nothing reg
- $\Rightarrow$  can't do all

Need to do one to not take 75 min

SPF: if just new 2% frag,  
then  $E$  shouldn't respond to  
 $f_C$

Rolling reg: do overlapping windows  
and then plot it as a pic.

$\curvearrowleft$  If that works out, that's the best intro

Get to "this project is under 9 minutes"

### Slide 6. Interpretation of ( $\hat{\beta}$ )

If I put in  $\overline{W}$  on RHS?

What does the reg mean/say?

$\hat{\beta}_1$  isn't a structural coeff! It's a stylized fact.  
 $\hookrightarrow$  I'd put diff RHS vars depending on model  
of  $E$ -formation. In RE  $\hat{\beta}_1 = 0$ .

60% - 40% that the rolling thing belongs in the paper

- Philippe's question on unanch:
- $\pi^*$  has a shock on it
- w/incomplete info, since  $\pi^*$  moved, ppl look for interest rate etc to find out  $\pi^*$ 
  - ↳ look at Philippe's work
- ⇒ what they can't capture is the time-varying recognizability of beliefs to outcomes which those models can't answer
  - "and I know you've done some great work in that"
- Lit slide
  - point to headings
  - point to 2-3 papers
  - 45 sec
  - allow ppl to ask questions but get out fast
- "My model of expectations formation"
  - ↳ acknowledges that there are alternatives

- $\hat{E}$  instead of  $E$   
 $s_t$  are exog. states  $\rightarrow$  that's why  $h$  is known  
 Could be that (g) is on a separate slide
- RE  $a=0$  didn't get too much out of it  
 $\hookrightarrow$  don't post it : be ready to answer why  
 agents est. an intercept
- slide 18 - Getting to it is important, fast! (15 min)  
 $k_t = g(\cdot)$  is your paper.

Endog. gain models aren't all over the place

- my contrib is to think more generally  
 about  $g$  and analyze opt policy  
 in this context.

Slide 17: "Alternatives for the gain"

- my stuff is the third bullet point-
  - ppl have thought about MP for exog & endog
  - ppl have thoughts of endog / general gain  
 but not policy
- ↓  
 $\hookrightarrow$  maybe list them

- Calibration

no need to mention  $p_j$  at that point

0.98 "you're right it's on the high end. I can change that".

- Results presented nicely.

- Marketing:

"that's a good question"  $\rightarrow$  don't say it all the time

- Welfare effects

distance not units

$\rightarrow$  consumption equivalent

that's the one that's interpretable as a number

$\rightarrow$  it will be pretty small, connected

w) the magnitudes in the lit on

bns. cycle costs (Lucas)

- Last & most important:

unclear: 3 distinct policy disruptions

- 1) P. 31 "kill, kill, kill!"
- 2) lower Taylor rule
- 3) "giving markets what they expect" idea
  - ↳ they aren't contradictions but they don't overlap either.

Could use the same g in the TR-version  
 ↳ or: act as if ppl expect the TR & implement optimal policy.

- Miao:  $\hat{E}$ -heat → need to state that LIE holds  
 ↳ state in paper, not in prez  
 "This [it] is a little thin on the properties of  $\hat{E}$ , but I need LIE so I assume it"

Endog gain

"g isn't microfounded, but it's very generic  
 i.e. very flexible → says that people can  
 depend on environment → but  $g$  is endog.

Average inflation targeting

↳ not quite clear what model supports  
of 1% or more than RE.

Ryan comment on LATs:

29 Sept 2020

Hamilton College is the best liberal arts college in Con.

Consumption equivalents (CE) of welfare 29 Sept 2020

$\xi := CE$  = the amount of cons that would make an agent indiff between being in model a vs ap:

$$\xi := \underbrace{E[W_t^P(\xi)]}_{=} = E[W_t^{AP}]$$

$$E\left[W_t^P + \frac{1}{1-\beta} \ln(1+\xi)\right] \stackrel{!}{=} E[W_t^{AP}]$$

I guess this is the  
PV of  $\xi$  w/ log u

$$\Rightarrow \frac{1}{1-\beta} \ln(1+\xi) = E[W_t^{AP}] - E[W_t^P]$$

Dynar  
formm

$$\ln(1+\xi) = (1-\beta) E[W_t^{AP} - W_t^P]$$

$$\xi = \exp\{(1-\beta) E[W_t^{AP} - W_t^P]\} - 1$$

the interpretation seems to be "100.5 % of lifetime consumption"

## Andrea Vedolin meeting

28 Sept 2020

↳ finance fit miss mit was breakoren - Ti  
oder NK model isch

→ unklar xi was teil isch  
wieso , wichtig

↳ Shleifer wichtig bi infl expectations

behavioral NK model von A.

↳ over & underreaction bei mitffragt.

Framework CB's use to set i ass RE. By which  
(mean ...). But survey data shows this isn't  
true. In particular.

↳ lit on anchoring E via communication.

Reach out to her when you want to try the 5 min  
Spiel for finance people.

# Vaishali Garga meeting

29 Sept 2020

Mengdi at TBB - fiscal exp.

Control for things in reg

even tho not causal

- inflation uncertainty

- high/low levels of  $\pi$

- break the sample or add dummies post-

2012

→ try this w/ buttons in the slides

or title of slide: "time-varying" since that's  
the focus

emphasize correlation not causation

other comment:

IRF: decompose into constant gain learning  
vs. anchoring

alt: RE model v/ anchoring as an alternative

→ take an avg of  $\sin(k)$  as gain, constant gain  
IRF

1) diff b/wn AP & PCE

↳ check blog Banque de France

composition of underlying basket  $\rightarrow$  housing  
scores

$\rightarrow$  not definite evidence

Simple way to handle: "fine-structure in the set of  $\pi$   
and sometimes this is corr w/  $\pi$  or  $\rho$ "

$\rightarrow$  motivates the use of my model

be cautious not to say the fed has to be  
symmetric

2) RE vs non-RE.

2 things

A) Emphasize: fine-varying Kullback gain for ppl who  
get the fit  $\rightarrow$  & why is this an important  
feature for monetarist: gain vs. varying gain

B) if DGP has fine-variance: e.g.  $r^*$  and  $\pi^*$   
changes

3) Compose results to "Units" in presentation

Intro: debate on consequences for model of  
these trends in L-E

Some people say you have to  
be more aggressive  
Opportunities

Others say it looks wrong  
→ "Units"  
→ my contnb.

Other notes:

- Forming leads to  $\pi^* > 0 \rightarrow$  question: which NK model?  
Is st. st. iff  $= 0 \rightarrow$  deviations from what st. st.?  
→ Maybe just mention quickly a baseline b/c  
a 0 st. st. in NK vs.  $> 0$  at reality.
- CEMP:
- EE:  
Imperfect info  $\swarrow$  can be used to mitigate expectations channel  
vs here: excess volatility in E.  
↳ looking at imperfect info from another window

→ debate is empirical lit on under-correlation  
vs news

Opposite story to lit!

Maybe a downside: forward guidance in my model

↳ interesting

Send updated slides in Oct (2nd half and  
we can talk again in late Oct)

Vaishali barga meeting

30 Sept 2010

- Bridge TFP in RE NK  
Demand for R&D  
Demand shock → growth

↳ fully optimal policy under RE would be a good  
benchmark

- Two-axes for RE vs. TR.

- RE,  $\gamma^A$  = e.g. as a fourth column.  
↳ put numbers on graph as lines  
↳ easier to visualize

- Same for slide 37 : one graph w/ several values  
also use  $\frac{V}{\pi} = 2.2$  and  $\frac{V}{\pi} = 1.1$  as values.
- Slide 34: put in a button to clarify RE IS-  
leaving LH-E & why more volatile.

Button on loss to IS & PC curve why so volatile.

Our Barbican meeting

1 Oct 2020

presentation:

→ JMC curse: answer every question too long  
 → need to be sharper, quicker  
 so ppl don't drag you out of flow  
 especially in beginning.

- graphs / fig. in beginning → if they ask questions  
 that brings you out then move on & go straight  
 to point

Sometimes you need to let them go → first 3 slides.

Content-wise: good.

2 things: 1. Why should I use your system?

↳ Not easy model / paper → is that

a way to convince me why I should use it?

2. Result counterintuitiveness  $\rightarrow$  like more discussion on it!

(B) so volatile  $\rightarrow$  would that be desirable b/c it's so volatile & time-varying

$\hookrightarrow$  prof will ask you this: do you really believe one should do it?

ppl don't care about the answer they wanna hear that you've thought about it.

# Andreas Pflueger meeting

1 Oct 2020

RW in  $\pi$  ( $\rightarrow$  and in  $i$ )

$\hookrightarrow$  breakeven  $\pi$  moves a lot around  
marginal announcements

Stock, Swanson et al  $E(\pi)$  corr w/  $i$

$\rightarrow \text{corr}(i, E(\pi)^{\text{LR}}) < 0$  what they  
predict

Eric Pfleiderer et al

Croen, Charles  $\rightarrow$  document distrib of skills  
vs - professions

Peter meeting

1 Oct 2020

↳ likely not likely to change

• Lucas (1987) models of B.C.

↳ welfare comparison diff b/c both policy & E  
are changing at the same time

→ change one thing at a time!

Econ A & Econ B

w/ one rule replaced by another

# Carolin Pflueger talk

1 Oct 2020

Romer & Romer (2000) "Fed info effect"  
10Y Breakeven  $\pi$   $\rightarrow$  S&P 500  $\uparrow$

$$i_t = \text{smoothed TR} + v_t^* + v_{ST,+}$$

$$v_t^* = v_{t-1}^* + v_{LT,+} \quad \leftarrow \text{Long-term } \pi \text{ shock}$$

↑ news about LR  $\pi$

$\hookrightarrow$  permanently higher  $\pi$  is good news  $\Rightarrow$  expansionary

$\rightarrow$  "Fed info effect"  $\rightarrow$  Ryan: Schmidt-Grohé & Mankiw

called this the "Neo-Fisherian effect"

# Maria Luengo meeting

2 Oct 2020

- PhD in Applied Econ  
ID & labor only

5-6 years : 90% research Fed  
↳ Minneapolis Fed → no policy work  
Philly Fed → more research  
Chicago Fed →

Dallas & St Louis are ok  
The others are more policy-intensive

The Board is insane → hierarchical

Interview: ask them what their job involves  
% policy & research & over time  
how it's concentrated in the year

E.g. Philly Fed: assigned to particular  
FOMC rounds → 100% policy  
otherwise 100% research  
→ Boston Fed doesn't work like that

Uni or regional Fed: you can ask about the interview  
Board or large insti: don't worry.

## UK system: Research Evaluation Framework (REF)

every 5 years they do an eval of insti based on research of faculty → then they kindle the funding based on that

↳ junior market is 50-80 in those years

↳ hcl friend

Wiki: the next iteration of REF was to be in 2021, but it's been delayed b/c COVID-19.

## Carlos III

one of newest unis (& Pompeu Fabra)

→ created to end an insidious hiring

Not general: Carlos III specializes in  
Engineering, business (con  
& law)

↳  
Econ Dept. → Need top 5 for full prof  
Business Dept. not for Ass. Prof.

CEMPI → best place in Spain to get a job

↳ comes from Bank of Spain → money

Master & PhD program

Lots of research

#2 Barcelona: consortium of unis  
(Pompeu Fabra, Autonoma ...)

"Good School of Economics"

#3 Carlos III

#4 Alicante Dept of Econ very good dept!  
all → teaching in English  
→ ask her about Spanish openings!

Talk:

Time use → need to get more fast  
& have time to repeat the message!

Answer questions quicker & better if necessary!

Substandard methods should come across  
that it was hard!

↳ Send a new draft later or a newer version  
of my slides.

↪ Nov!

## Chris Cotton meeting

2 Oct 2020

- Core inflation → recession w/ time to clean out oil shocks
- faster at the start
- 1.5 years ago he was on the market

Advisor vs. "Senior Advisor"

Anything below "Chair" / "Chair" isn't overwhelming w/ policy work.

Jenny Tang meeting

2 Oct 2020

GD min job talks? On Zoom they might be shorter.  
→ have a shorter version!

Procs outside your dept are slower.

clickable buttons!

, analytical results for simple version

↳ quantitative results for full version: learn  $\binom{\pi}{x}$

- if E look like a TR, then opt. policy will look like TR
- the pic of reg :
  - if we were in FIRE, the line should be zero
  - if we were in a gain world, it should be flat at k.
- important point: the other point you're not making forcefully is that they're not about long-run expectations.

"Knowing the model but not seeing the SR shades vs. seeing the SR shades but not knowing the model (me)"

→ my way is more powerful b/c in noisy info their beliefs are only as persistent as the shock.

Noisy info: responses to shocks muted

(but they do generate more persistence  
but the overall effect on unconditional  
variance is unclear)

↳ here instead ppl learn about permanent objects  
which is why the policy responses are large  
→ makes it more palatable to ppl b/c  
they know that in NK, policy responds more  
to persistent shocks.

Either: Jimmy can attend Macro lunch → don't meet  
on Oct 16 but meet after talk

Or if she can't attend, can meet on Oct 16 to  
go thru slides.

# Slavik Sheremiror meeting

6 Oct 2020

(See his comments from his email saved in the BosFed prez folder.)

- Balance item theory & empirics really depends
  - ↳ JMP is nice if you compare policy inst's proper data work
- Reward for this kind of work
- size of effect  $\Rightarrow$  very hard to convince don't break, but present w/ explanation  
don't say "take it or leave it"

Similar to first guidance puzzle:

small anchoring will persist for  $\infty$  time

↳ discounted EE fit  $\Rightarrow$  downplays future fluctuations  
Nakamura, Steinsson & McKay "Discounted EE"  
& whom they cite  
↳ kills off the first guidance puzzle

↳ If there's a way to make anchoring matter only in the immediate future

- Rigoristic

normally a good motivation

but my test is a little counterproductive

It's one way to test for anchoring  
but it is the only one?

↳ + discussion on: is it D-cl?  
→ misleading!

Maybe say that it will come out of the model  
provide intuition

Show knowledge of problem → say that  
it needs a model

Show the PCE Inflation vs. 2% target

→ "Why would anyone believe that the  
target will be reached?" → or look to evidence  
in other papers

Could show CEMF result too to protect yourself.

Or say: I'll have a model & I'll come back to that.

Don't feel you have to answer the question exactly.

- $\hat{E}^{\text{firm}}$  vs  $E_{\text{firms}}$   $\rightarrow$  b/c firms have small costs to learn and high benefits especially large firms!

$\hookrightarrow$  PC would incorporate  $\hat{E}^{\text{firm}}$

Gibson & bord: firms act <sup>as</sup> ~~instead of~~ as consumers in NZ.

Set up stuff w/ the other fellows!

Reach out to him & other BasFed ppl later!

Shaowen Liu meeting (Virginia Tech isn't 6 Oct 2020 hiring)

Singapore & HK best

1. NUS best
2. Nanyang Tech U
3. NUS - fall LAC

4. Int'l business school

1. HK U

2. Chinese U of HK

3. HK U of Science & Tech

4. City U of HK

5.

Mianyang China

1. PKU Peking

2. Tsinghua

3. Fudan Shanghai

Peking

-1-

tough to get in

4. Tsinghua Transportation U Shanghai

Beijing:

Finance & Econ Schools :

- University of Int'l Business & Econ
- Central U of Finance & Econ

Shanghai:

- Shanghai U of Finance & Econ

Also good:

Xiamen U

Jinan U (Guangdong)

Wuhan U

# Ryan meeting : Comments on Sept 21/25 draft 7 Oct 2020

- Content:

disconnected from TR & other results in periods

1. Agents expect st. st. after a certain horizon in the future. If st. st. is like TR, then you can benefit by picking an  $n$ .

↳ Intro: careful to cite a magnitude that might change.

2. Cons. equivalent:

Welfare from 2 stochastic worlds

→ get st. st. cons for those & compare  
for those → 2nd paper

- . Schmidt-Grohé & Uribe: comparing non-lin  
it doesn't make sense when model is a  
linear approx.

Woodford tends to rescale the welfare term as he likes.

Valid: use utility fit & the properly scaled loss fit

1. take st. st welfare

2. take loss fit to find dev from st. st. loss.

↳ Then it's a 2nd order approx from the st. st.

$$\underbrace{\sum \beta^t u(c_t) - \sum \beta^t u(c_t)}_{\text{dev. from some nonstochastic st. st.}} \approx -\Psi L^W \left( \left\{ \hat{y}_t, \hat{\pi}_t \right\} \right)$$

Woodford tells you how to get 2nd order approx of this

but he doesn't tell you the scales of (figure out!)

You can compute  $L^W$  vs  $L_2^W$  ✓ alternative policy

Steady-state consumption equivalents:

$$\sum \beta^t u(c_1) = \left( \sum \beta^t u(c_t) - \Psi L^W \right)$$

$$\sum \beta^t u(c_2) = \left( \sum \beta^t u(c_t) - \Psi L_2^W \right)$$

→ compare  $c_1$  &  $c_2$

2nd order approx for welfare under policy 1

Steady-state consumption:  $c$  needs to come from the nonlinear model

Maybe  $\frac{u'}{u''}$  w/o look  $c^*$

May require additional commitments