

## Notes from job market

- what do I learn from interviews & flyouts about my research papers?  
(JMP, novels, CB communication, ICT, EE vs LT learning paper)

### JMP - Bologna interview (15 Dec 2020)

- banking sector may be destabilized by large  $i$ -movements  $\rightarrow$  add in conclusion that this isn't addressed (" $i$ -risk")

### JMP - CEFER interview (17 Dec 2020)

- role of expansionary fiscal policy?
- fwd guidance
- hand-to-mouth
- open econ
- SPF vs other data

### JMP - KU Leuven interview (18 Dec 2020)

- gain assumptions
- why not Bayesian learning
- Bianchi & Meloni (anchoring  $\rightarrow$  2016 in next > it)

• Stroodgård & Wauters

est. models w/ adaptive learning  $\rightarrow$  fits better  
than RE  
(2011, 2012 & 2017 in next > lit)

JMP - Fed Board interview (7 Jan 2021)

- Does Fisher-equation hold in LR, in SR? (Ed Herbst)

JMP - Cleveland Fed interview (7 Jan 2021)

- LR-test to improve over CIMP? (Rob Rich)
- Anchored: 2010 - 2020 unanchored?  
extend functional form?  
dispersion?
- Paolo Belalík: Kevin Lansing FRB SF, RED 2009

CB Chile interview (8 Jan 2021)

- homogenous firms & MMs

## Flyouts

- Norges Bank flyout (16 Dec 2020)

- Saskia: Luba Petersen (@Simon Fraser U)  
experiments on learning  
monetary policy

Drago: dir coincidence doesn't hold in my model?  
↳ check by setting loss fit =  $\chi^2$   
Then CB sets it always that  $x=0$   
Check if  $\pi$  moves after  $r^n$  shock.  
↳ if it doesn't, dir coincidence holds.  
This prior is: dir coincidence doesn't hold.  
b/c  $\hat{E}$  are like an endog cost-push  
shock  
↳ But both ways are interesting results.

### - Haifa flight

- fast cost-push shock in SVAR
- RF ts model implied by my model?
- Does it fit the data well?

### - Cleveland Fed flight

- Randal: "Thinking Outside the Box"
  - anchored = close enough
  - nonlinear PC model
  - children's readers  $\rightarrow$  novels papers!
- job talk
  - Turkey, Israel  $\rightarrow$  more volatile data
  - CI on estimates ( $M_3$  comes up a lot)

- PCE is subject to revisions
- Clarida: act as if  $\gamma_x$  were lower
- Pierlauro: microfound gain function for publication

### - ELB Research flyout

- Job talk:
  - Karadi: credibility
  - Kohn: derive from first principles
  - Karadi: structural break vs. GARCH for the gain
  - Anton Nakov: same E
  - Luca Dedola: TR in est
  - Luc Laeven: distr. of  $\hat{f}_t \rightarrow \bar{C}_t$  in est.
  - Florian Heider: CB loss
  - Sebastian Schmid: TR augmented w/
- Bartosz:
  - NK model in full nonlinear form for euro area  
C 2 states b/w which the econ shifts
  - Marty Eichenbaum learning in NK
- Karadi:
  - 2008 tightening and 2011/12 are considered to be mistakes
  - QE can anchor: surprises around announcements do

generate movements in 5-yr -SPF-E

- Setting w/ structural breaks is a way of microfoundig.

## - Banca d'Italia flyout

- Stefano Neri : 2018/2019 assets anchoring w/ ELB survey

level anchoring: structural breaks in the mean of E

shock anchoring: effect of SR surprises

↳ CRE become sensitive to SRE

(especially to negative surprises)

↳ in flyouts > Banca Italia

- job talk:

Sergio Santoro : Nonkaptchja et al.:

infinite horizon learning: announcement of fiscal pol

↳ in flyouts > Banca Italia

- Präger & Lamla (2018)

do reg  $\Delta RE$  on  $\Delta SRE$

↳ metric of anchoring

↳ diff in age cohorts  $\Rightarrow \pi$  experiences

## - KC Fed flyout

- Jim Nicol: advisor was Tom Sargent: model uncertainty
- Andy: regime-switching
  - adaptive E away from ZLB
  - RE at ZLB w/ lots of inflation

2 types of NK models of ZLB:

- ZLB b/c of sequence of bad shocks (Eggerton)
  - ↳  $i_t$  is the same as otherwise
- Benhabib - Schmitt-Grohé-type expectations of nominal prices lead to high real rate  
→ fixed part of E! a rig. trap st. st.  
(w/ ZLB)
  - ↳  $i_t$  there?

A marginal cut isn't enough to break the  $\oplus$  feedback effect → a large i-cut is necessary!

std calib:

$$i = -125\%$$

$$\text{or } i = -70\%$$

Schroeder et al (Restud): horserace:

• E-driven i.g. trap  
• demand shock → flyouts > KC-Fed

• Lee & Boero:

• anchoring of  $E$  in US:

How did communication affect target?

stylized macro model  $\rightarrow$  empirical predictions

- LRE more stable shouldn't respond  
to news on  $\pi$

-  $n$  &  $\pi$   $\rightarrow$  reduced-form PC flattens

$\rightarrow$  evidence of both

Japan: don't find evidence (2013)

• communication via fwd guidance

- affects e.g. in financial markets

- expected paths of rates

- news: reduces uncertainty around it  
so affects term premium

• Lee & Taeyoung

choose a prior for VAR w/ e.g. survey- $E$   
of  $\pi$ , &  $\pi$

survey- $E$   
vs

VAR-implied  $E$

$\rightarrow$  choose a prior that governs how tightly  $E$   
are formed for the VAR- $E$

$\Rightarrow$  effects of fwd guidance much stronger  
the closer  $\bar{E}$  are to VAR- $\bar{E}$ .

$\hookrightarrow$  flyouts > KC-Fed

• Job talk

Jim: Hansen & Sargent: model uncertainty  
max decision: based on worst-case scenario  
 $\rightarrow$  ppl don't assume a particular form of  
PLM  $\rightarrow$  how robust is linear PLM?

Lee: histogram of  $i$ -distrib

Taylorism: noise in LRE

Bordt: plot  $\bar{\pi}$  &  $g$  on IRFs

Andy: moving targets

$\hookrightarrow$  Coibion, Goro & Wilcoxen: changing  
the target at ZLB

$\hookrightarrow$  flyouts > KC-Fed

- Ken Lerman flyout

• Ferre: CI

• Rewrite LS curve as std + error from  $E$

• Michael: his work on  $E$ : high- $\pi$ -history had higher  $\bar{\pi}$   
after joining  $\rightarrow$  not surprising given  $E$



→ partially self-fulfilling E b/c  $r = i - E(\pi)$

→ ppl. acc. net foreign debt

SOE: may end up on explosive path

→ may not converge to REE

Learn about full setup of model.

• Suggestion:

anchoring: level of  $\bar{\pi}$  or sensitivity?

• Brash & Evans, JMCB, 2017

change of  $\pi$ -target

• Cooley, Mathes, Sbordone, JME 2015

• St. Stat.  $\pi > 0 \rightarrow$  price dispersion

- WU Wien flyout

• Job talk

• Jenz: grid-search over  $\mu \rightarrow$  to find kinks  
↳ do it! low-hanging fruit

• Gregor Zenz:

• uncertainty around  $c^*$

• test for linearity?

• Thomas Zömer:

• heterogeneous processes: Emanuel?  
Castaldo (zu W.M.)

## - CEFER project

· job talk  
· death validation

· aggregate

· immune to Lucas critique

### · Poilas

- heterogeneity
- my own errors vs others

· N. Bloom : larger uncertainty

Ludvigsson et al : "fundamentals & uncertainty. endog link: financial uncertainty

forthcoming AER Macro: Hill Empirical

Jurado, Ludvigsson & Ng, 2015 AER

→ Ludvigsson, Ma & Ng 2020?

### · Swapnil:

- welfare vs growth, growth, in terms of CE

· Blm

· comparison to other dev from RE, e.g. RI

## - BoE project

· job talk:

· Michael Kunkhof: state-dependent pricing

- Bank of Canada flight

- job talk:

Olena: Evans & Ramsey 2005

\ time-varying gain from engineering

↳ "Adaptive step-size algorithm" ...

Sushant: TR terrible once cost-push shocks in model, in general

Stefano: does constraining pol. to TR generate an additional tradeoff?

Oleksiy Kryvtsov was confused about TR vs. opt pol.

• Olena

. contrast w/ fact using current periodicals

. details on  $g(\cdot)$

↳ her paper: optimization of  $g(\cdot)$

to min MSE

↳ reduce # params

• Stefano:

. intuition for RM

. G. Primiceri: learn  $\pi$ -target  $\Rightarrow$  check if opt.  
(2012? In next > lit) policy.

- Fed Board report
  - . Clara Vega
    - . text analysis of FOMC statements  
 ↳ first CB comm paper!
  - . Job talk
    - Damjan Pfajfar: McCallum · sunspots → check
    - Fabian Winkler: learn i
    - Matthias Panzica: what is LR?
    - Manuel Gonzales: add CI
    - Fabian:  $\bar{\pi}$  in IRFs
    - Panzica:  $E \rightarrow$  corr w/ changes in output
  - . Damjan: iterative stability of sol → check sunspots
    - solve the model just as you'd solve RE
    - roots less than 1
    - JEDC McCallum or his WP on how to do this
  - . TR:  $\gamma_{\pi} = 1.1 \rightarrow$  he has a paper on extrap.  $\bar{\pi}$   
 $\Rightarrow$  you get 1.1 ALWAYS  
 "Inf E & Monopol. Design"
  - . Joe: TR(anh) vs TR(RE) is the right comparison

- David & Marmel

pseudo-out-of-sample tests using gain  
vs. again  $\Rightarrow$  check via MSE horse race

- Atlanta - Survey Nick Bloom

- SMM: can come up w/ a  $X$ -condition  
 $\hookrightarrow$  do test!

- take "Do lot matter?" to the data!

- Cristina & Diogo:

D: hyperinflation would be a natural way to test this

$\hookrightarrow$  put FX rate in Ramsey  $\rightarrow$  do I still be can or defend the peg?

- Michael

- very hard to publish a learning paper
- RED (Review of Econ Dynamics 3n't a top 5)

- Bentley flight

- job talk

- heterogen. agents

- Sasha: rolling window of gain

• Sacha:

- first of fators in la Sloboyan & Wouters  
agents : choose AR(1) } rolling window of fe  
using BIC is the  
threshold crit.  
or some combo of AR(1) + prof. factors

→ change E

- asymmetry of gain:
  - hysteresis
  - currency crisis

- Bologna flight

• Paolo:

- "Gov transparency paper"
- Looking at bestsellers!

• Luca Fanelli

test implications of learning

NKPC under VAR - learning (cgain or dgain)

→ test cross-eq. restriction of model & PGM

187: Hashem Pesaran book:

The Limits to Rational Expectations

- extend where  $\text{VAR} = \begin{cases} \text{model} \\ \text{and PLM!} \end{cases}$
- lit on testing RE is large, but contingent on testing learning is small  
 → Journal of Applied Econometrics  
 ↳ confine stuff to appendix b/c referees don't get learning recursive test! → new asymptotic theory needed
- job talk:
  - Vincenzo: adaptive empirics?
  - József: anchor = Bayesian prior
  - Luca: converge to RE?
  - Vincenzo: open econ: Fx rate volatility
  - Luca: more empirical evidence
  - Niko: ZLB?
  - Guido: good mon. can very attractive on market  
 → contact them if you go on market again!
- Matt
  - Chm3 Carroll → hetero & MPC  
 ↳ countess at ECB

- music for sentiment!

- Niko:

• brexit!  $\Rightarrow$  the actual referendum  
 can be an shock in sentiment series  
 fiction  $\rightarrow$  impacts pol. rhetoric  $\rightarrow$  econ.

- Kiriny:

• JMP . inattention region at individual level  
 you don't care if volatility is low

- Commiss job talk (tegزو"drück!)

• Kómya Istrán: old lit on  $\pi$ -bend  
 Cochrane  $\rightarrow$  questioning determinacy  
 of NK model

• ? Tamais: ?

• Danas Zsdft: 

- $f_c = 4$  are rare
- doubts that nonlinearity is sig.
- subsamples
- magnitudes
- FOMC members' LRE change very little

• Szakadat László: ?

• Major Klára: hybrid PC?

time inconsistency  $\rightarrow$  credibility is  
an issue in practice  
anchoring  $\leftrightarrow$  credibility

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Zsolt is at Brueghel.