

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 things & 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 in BC-Research
to/c GitHub had committing issues.

19 Sept 2020

- ① The key difference to Bordalo et al's diagnostic E is that θ 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
Mondolman

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: π^* 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.

↳ ^{show} volatility of α & 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 : β (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 anchor 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:
- π^* has a shock on it
- w/incomplete info, since π^* moved, ppl look for interest rate etc to find out π^*
 - ↳ 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.