

MMF Economic Policy Seminar: 6th June 2014

Hosted: School of Economics and Finance Queen Mary University of London

Monetary and Fiscal Issues for an Independent Scotland

Venue: The David Sizer Lecture Theatre, Francis Bancroft Building

13.00 – 14.00 Registration

14:00 – 15:30 Session I

Alun Evans (Scotland Office)

Angus Armstrong (NIESR)

David Bell (Stirling)

Chair: Francis Breedon

15.30 – 16:00 – Tea/Coffee

16:00 – 17:30 Session II

Nick Macpherson (HMT)

Ronald MacDonald (Glasgow)

Andrew Hughes-Hallett (Georgetown and St Andrews)

Chair: Jagjit Chadha

Organisers: Angus Armstrong (NIESR) Francis Breedon (QMUL), Jagjit Chadha (Kent and MMF), Georgios Chortoreas (Kings College London and MMF), Haroon Mumtaz (QMUL) and Kevin Sheedy (LSE and MMF).

MMF

THE MONEY MACRO AND FINANCE RESEARCH GROUP



MMF Economic Policy Seminar - Spring 2014

Hosts: School of Economics and Finance, Queen Mary University of London

Interest Rate Normalisation

Date: Friday 21 February 2014

Venue: The David Sizer Lecture Theatre, Ground Floor of Francis Bancroft Building, Queen Mary, University of London, Mile End Road, London E1 4NS

Programme:

13:00-14:00 Lunch in Francis Bancroft foyer.

14:00-15:30 Session I

Martin Weale (MPC, Bank of England and QMUL) "Forward Guidance and its Effects".

Bill Allen (Cass) "The next reactivation of monetary policy"

Shamik Dahr (Aviva Investors and MMF) "What is normal, anyway?"

15:30-16:00 Coffee break

16:00-17:30 Session II

Simon Wren Lewis (Oxford) "The idea of secular stagnation is fashionable, but does it make sense?"

Alex Michaelides (Imperial) "Policy lessons from Cyprus"

Richard Barwell (RBS Capital Markets) "Interest rate normalisation: a markets perspective"

17:30 End of Seminar - Drinks Reception in the foyer.

Organisers: Francis Breedon (QMUL), Jagjit Chadha (Kent and MMF), Georgios Chortoreas (Kings College London and MMF), Haroon Mumtaz (QMUL) and Kevin Sheedy (LSE and MMF).

This is the first MMF-QMUL Economic Policy Seminar, which will be running regularly three to four times per year and is open to all UK-based academics and research students. Please register your plan to <http://econ.qmul.ac.uk/events/mmf-seminars.html>. The MMF can support off-peak train travel for academics to this seminar if your host institution cannot fund your travel.

The 45th Annual Money Macro and Finance Conference (MMF2013)

Queen Mary, University of London

Wednesday 11th to Friday 13th September, 2013

PROGRAMME

This version: 24 August 2013

N.B. Parallel sessions are chaired by the final presenter.

Wednesday 11th

12.30-13.30 Registration + lunch

13.30-14.30 Invited speaker: Arts 2 Lecture Theatre

Professor Harris Dellas, University of Bern, *“Enforcement for sale”*.

Chair: Professor George Kapetanios, Queen Mary, University of London.

14.45-16.15 Parallel sessions (A)

A1 Money/Macro pru: Arts 2 Lecture Theatre

Ref	Paper	Author(s) and Institution
4	Does Easing Monetary Policy Increase Financial Instability?	Ambrogio Cesa-Bianchi; Università Cattolica del Sacro Cuore
189	Forbearance and Broken Credit Cycles	Tomohiro Ota; Bank of England
191	Modelling the Money Multiplier	Jagjit Chadha; University of Kent Luisa Corrado; University of Cambridge Jack Meaning; University of Kent
185	Money Growth and Inflation: evidence from a Markov Switching Bayesian VAR	Roberta Colavecchio; Hamburg University

A2 Inflation targeting: Room 217

Ref	Paper	Author(s) and Institution
156	Wicksell versus Taylor: A Quest for Determinacy and the (Ir)relevance of the Taylor principle	Sofia Bauducco; Central Bank of Chile Rodrigo Caputo; Banco Central de Chile
195	Price Level Targeting with Strategic Fiscal Policy	Yuting Bai; University of Exeter Tatiana Kirsanova; University of Glasgow
226	Aggregate and welfare effects of long run inflation risk under inflation and price-level targeting	Michael Hatcher; University of Glasgow
100	Should Central Bank respond to the Changes in the Loan to Collateral Value Ratio & House Prices?	Tatiana Damjanovic University of Exeter; Sarunas Girdenas University of Exeter

A3 Open Economy Macro: Room 218

Ref	Paper	Author(s) and Institution
187	Real exchange rate forecasting: a calibrated half-life PPP model can beat the random walk	Michele Ca' Zorzi; European Central Bank Michal Rubaszek; National Bank of Poland Jakub Muck; National Bank of Poland
109	Is investor sentiment contagious? International sentiment and UK equity returns	Yawen Hudson; Loughborough University Christopher Green; Loughborough
196	Measuring the Connectedness of the Global Economy	Matthew Greenwood-Nimmo; Melbourne Viet Nguyen; University of Melbourne Yongcheol Shin; University of York
164	The euro exchange rate during the European sovereign debt crisis – dancing to its own tune?	Michael Ehrmann; ECB Chiara Osbat; ECB Jan Stráský; OECD Lenno Uusküla; Bank of Estonia

A4 Bond Yields: Arts 2 Room 316

Ref	Paper	Author(s) and Institution
17	Is the U.K. Triple-A?	Vito Polito; Cardiff University
91	Inflation, Endogenous Market Segmentation and the Term Structure of Interest Rates	Xuedong Wang; Erasmus University Rotterdam
137	An affine multifactor model with macro factors for the German term structure	Jelena Stapf; Deutsche Bundesbank
198	Financial Intermediaries and Bond Risk Premia	Rodrigo Guimaraes; Bank of England

A5 Growth and Cycles I: Room 317

Ref	Paper	Author(s) and Institution
21	Poverty reduction, Economic Growth and Inequality: What Can We Learn from Macro Data?	Chiara Amini; London Met. University Silvia Dal Bianco; London Met. University
121	Innovation, Public Capital, and Growth	Pierre-Richard Agenor; Manchester Uni. Kyriakos Neanidis; Manchester University
26	An Examination of the Direct Effect and the Feedback Effect of Housing Supply	Jinke Li; University of Nottingham
183	Sector Specific News Shocks in Aggregate and Sectoral Fluctuations	Christoph Gortz; University of Birmingham John Tsoukalas; University of Glasgow

Ref	Paper	Author(s) and Institution
38	Shadow economies at times of banking crises: empirics and theory	Emilio Colombo; University Milano-Bicocca
23	Network formation in the Euro interbank market: A longitudinal analysis of the turmoil	Paolo Zagaglia; Università di Bologna Paola Zappa; Università di Milano-Bicocca
163	Wavelet-based early warning composite indicators: an application to the US financial stress index	Marco Gallegati; Università Politecnica delle Marche
58	New Insights on the US OIS Spreads Term Structure During the Recent Financial Turmoil	Claudio Morana; Università di Milano-Bicocca

16.30-17.30 Policy: Bank of England Remit: Arts 2 Lecture Theatre

Professor David Miles, Imperial College and Bank of England

Chris Giles, FT

Professor Roger Farmer, UCLA

Chair: Sushil Wadhvani, Wadhvani Asset Management

18.00

Drinks Reception: Invited event for PhD and junior economists hosted by the Bank of England

Thursday 12th

9.30-10.30 Policy: The Future of the Euro: Arts 2 Lecture Theatre

Professor Paul De Grauwe, London School of Economics

Chair: Gregor Irwin, FCO

10.45-12.15 Parallel session (B)

B7 Growth and Cycles II: Arts 2 Lecture Theatre

Ref	Paper	Author(s) and Institution
136	Identifying Noise Shocks: a VAR with Data Revisions	Riccardo Maria Masolo; Bank of England Alessia Paccagnini; Bicocca University
135	Risk news shocks and the business cycle	Gabor Pinter; Cambridge University Konstantinos Theodoridis B. of England Tony Yates; Bank of England
165	Kiss Me Deadly. From Finnish Great Depression to Great Recession	Adam Gulan; Bank of Finland Markus Haavio; Bank of Finland Juha Kilponen; Bank of Finland
180	Partial Occupation Times, Business Cycles and Interest Rate Transmission	Alexander Karalis Isaac; Birkbeck College

B8 Monetary Policy: Room 217

Ref	Paper	Author(s) and Institution
64	How Optimal is US Monetary Policy	Xiaoshan Chen; University of Stirling Tatiana Kirsanova; University of Glasgow Campbell Leith; University of Glasgow
71	Monetary Policy and Bank Risk Taking: An Empirical Assessment	Kubilay Ozturk; Oxford University
96	Money growth, loan growth and consumer price inflation in the euro area: a wavelet analysis	Martin Mandler; Bundesbank Michael Scharnagl; Bundesbank
18	Credit rating, Post-earnings-announcement-drift, and Arbitrage from transient institutions	Guanming HE; Nanyang Technological University, University of Warwick

B9 Applied Macro-Models: Room 218

Ref	Paper	Author(s) and Institution
5	Export prices, selection into exporting and market size: Evidence for China and India	Sushanta Mallick; QMUL Helena Marques; University of the Balearic Islands
184	Government size, institutions, and export performance among OECD economies	Ioannis Bournakis; Middlesex Uni. Christopher Tsoukis; London Met.
210	Inventories and the Stockout Constraint in General Equilibrium	Jagjit Chadha; University of Kent Katsuyuki Shibayama; Uni. of Kent
202	Beyond Inventory Management: The Bullwhip Effect and the Great Moderation	Boromeus Wanengkirtyo; Warwick

B10 International Finance: Room 316

Ref	Paper	Author(s) and Institution
27	Why do firms issue abroad? Lessons from onshore and offshore corporate bond finance in Asian emerging markets	Paul Mizen; University of Nottingham Serafeim Tsoukas; University of Glasgow
82	Heterogeneous Beliefs, Collateralized Private Loans, and Speculative Currency Crises	Xu Hu; Fudan University
108	Is the Relationship Between Prices and Exchange Rates Homogeneous?	Amangeldi Kenjegaliev; Strathclyde University
157	Exchange Rate Determination under Inflation Targeting: A Microstructural Approach for Emerging Economies	Alejandro Gamboa; University of Warwick

B11 Time Series Macro 1: Room 317

Ref	Paper	Author(s) and Institution
171	The usefulness of an indicator of consumer confidence for predicting household consumption expenditure in the UK	Robert Gausden; University of Portsmouth
75	Economic Policy Uncertainty, Trust and Inflation Expectations	Anamaria PiloIU; Goethe University Klodiana Istrefi; Goethe University
105	US trend inflation reinterpreted. The role of fiscal policies and time-varying nominal	Nicola Acocella; University of Rome Giovanni Di Bartolomeo; Sapienza University of Rome Patrizio Tirelli; Bicocca University
133	A Non-Standard Monetary Policy Shock: The ECB's 3-Year LTROs and the Shift in Credit Supply	Roberto De Santis; European Central Bank

Ref	Paper	Author(s) and Institution
33	The Household Effects of Government Spending	Francesco Giavazzi; Bocconi Michael McMahon; University of Warwick
50	Fiscal Multiplier in a Credit-Constrained New Keynesian Economy	Engin Kara; University of Bristol Jasmin Sin; University of Bristol
209	The Effects of Fiscal Policy on Consumption in Good and Bad Times	Atanas Hristov; Ifo Institute

12.15 – 13.15: Lunch

13.15-14.45 Invited Speaker: Arts 2 Lecture Theatre

Professor Stephanie Schmitt-Grohé, University of Columbia, *“The Making of a Great Contraction with A Liquidity Trap and A Jobless Recovery”*

Chair: Dr Simon Price, Bank of England.

15.00-16.00 Policy: Fiscal Consolidation: Arts 2 Lecture Theatre

Professor Roberto Perotti, Bocconi.

Chair: Sir Nicholas Macpherson, HMT.

16.15-17.45 Parallel (C)

C13 Redistribution: Room 218

Ref	Paper	Author(s) and Institution
173	Re-distributive Effects and Labour Market Dynamics	Federico Di Pace; University of St Andrews Stefania Villa; K.U. Leuven, U. Foggia
77	Efficiency Wages, Staggered Wages and Union Wage-Setting	Markus Knell; Oesterreichische Nationalbank
221	Who does austerity harm the most? The redistributive impact of fiscal policy in a DSGE framework	Gulcin Ozkan; University of York
211	The maximum public debt in the steady-state of a Diamond model	Mark Roberts University of Nottingham

C14 Time Series Macro 2: Room 316

Ref	Paper	Author(s) and Institution
131	Asset Bubbles and Bailouts	Tomohiro Hirano; The University of Tokyo Masaru Inaba; Kansai University
161	Testing for optimal monetary policy via moment inequalities	Laura Coroneo; University of York Valentina Corradi; University of Warwick Paulo Santos Monteiro; University of York
162	Evaluation of US Inflation: Learning & Data Uncertainty	Ishak Demir; Birkbeck, University of London
217	Corporate bond yields in the transmission mechanism of monetary policy	Isaac Sserwanja; University of Kent Hans-Martin Krolzig; University of Kent

C15 Fiscal Monetary Interactions: Room 317

Ref	Paper	Author(s) and Institution
47	Optimal Fiscal and Monetary Rules in Normal and Abnormal Times	Cristiano Cantore; University of Surrey Paul Levine; University of Surrey Giovanni Melina; IMF Joseph Pearlman; City University London
57	Asset price targeting government spending and equilibrium indeterminacy in a sticky-price economy	Kengo Nutahara; University College London and Senshu University
111	Monetary Policy and Fiscal Limits with No-Default	Baruch Glikberg; University of Haifa

C16 Bank Leverage: Room 320

Ref	Paper	Author(s) and Institution
68	Changes in Bank Leverage: Evidence from U.S. Bank Holding Companies	Martin O'Brien; Central Bank of Ireland Karl Whelan; University College Dublin
94	The Impact of Capital Requirements on Bank Lending	Jon Bridges; Bank of England David Gregory; Bank of England Amar Radia; Bank of England
168	On the use of leverage caps in bank regulation	Afrasiab Mirza; University of Birmingham Frank Strobel; University of Birmingham
186	Bank leverage shocks & the macro economy: a new look in a data-rich environment	Jean-Stephane Mesonnier; Banque de France Dalibor Stevanovic; Uni. du Québec à Montréal

C17 Banking Crises: Arts 2 Lecture Theatre

Ref	Paper	Author(s) and Institution
53	The Interest Rate Pass-Through in the Euro Area During the Global Financial Crisis	Nikolay Hristov; ifo Institute Munich
72	Analysing Contagion Within the U.S. Subprime Mortgage-Backed Securities Market	Lisa Sheenan; National University of Ireland, Maynooth
76	What causes banking crises? An empirical investigation	Vo Phuong Mai Le; Sheffield University David Meenagh; Cardiff University Patrick Minford; Cardiff Business School
95	The welfare cost of default: when sovereign bonds are no longer riskless and liquid	Guangling Liu; University of Stellenbosch

C18 Forecasting: Room 217

Ref	Paper	Author(s) and Institution
59	Forecasting with DSGE models with financial frictions	Marcin Kolasa; National Bank of Poland Michal Rubaszek; National Bank of Poland
63	What determines the Shape of Inflation Fan Charts?	Malte Knüppel; Deutsche Bundesbank Guido Schultefrankenfeld; Deutsche Bundesbank
141	Generalised Density Forecast Combinations	Nicholas Fawcett; Bank of England George Kapetanios; QMUL James Mitchell; University of Warwick Simon Price; Bank of England
194	The Recalibrated and Copula Opinion Pools	James Mitchell; University of Warwick

18.15-18.45 Valedictory Address: Arts 2 Lecture Theatre

Professor Peter Smith, University of York, *“Macro Matters”*

Chair: Professor Jagjit Chadha, University of Kent.

19.30 Conference Dinner – Senior Common Room.

Friday 13th

09.00.-10.30 Parallel (D)

D19 Unconventional Monetary Policy: Room 217

Ref	Paper	Author(s) and Institution
152	Optimal monetary policy rules and house prices: The role of financial frictions.	Alessandro Notarpietro; Bank of Italy Stefano Siviero; Bank of Italy
233	Informality, Financial Development and Macroeconomic Volatility.	Shalini Mitra; University of Liverpool
201	Institutional investor portfolio allocation, quantitative easing and the financial crisis	Mike Joyce; Bank of England Ian Tonks; University of Bath Zhuoshi Liu; Bank of England
224	Central bank balance sheets, government debt management, and the long-term interest rate	Fabrizio Zampolli Philip Turner; Bank for International Settlements Jagjit Chadha, University of Kent.

D20 Bank Credit and Monetary Conditions: Room 218

Ref	Paper	Author(s) and Institution
132	Understanding global liquidity	Boris Hofmann; Bank for International Settlements
172	Has weak lending and activity in the UK been driven by credit supply shocks ?	Alina Barnett; Bank of England Ryland Thomas; Bank of England
87	News about Aggregate Demand and the Business Cycle	Mark Weder; The University of Adelaide
60	Pure or wake-up-call contagion? Another look at the EMU sovereign debt crisis	Raffaella Giordano, Bank of Italy Marcello Pericoli, Bank of Italy Pietro Tommasino, Bank of Italy

D21 Equity Markets 1: Room 316

Ref	Paper	Author(s) and Institution
49	Is Your Fund's Board Watching Out for You?	Javier Vidal; Harvard University Marta Vidal; Complutense Uni. Madrid
182	Time-varying correlation between oil price shocks and stock market returns.	George Filis Bournemouth University
62	European Integration and Corporate Financing	Gulnur Muradoglu; QMUL Ceylan Onay; Bogazici University Kate Phylaktis; Cass Business School
143	The Effects of Intellectual Capital on Market Values of Companies: Evidence from FTSE 100 companies	<u>Ilayda Nemlioglu</u> , QMUL <u>Sushanta Mallick</u> , QMUL

D22 Monetary Policy 2: Room 317

Ref	Paper	Author(s) and Institution
70	Inflation, Money Demand and Portfolio Choice	Kosuke Aoki; University of Tokyo Alexander Michaelides; University of Cyprus Kalin Nikolov; European Central Bank
99	Monetary policy under the Labour government 1997-2010	David Cobham; Heriot-Watt University
188	The Monetary Policy Council and the Governing Council: Two peas in a pod?	Pierre Siklos Wilfrid Laurier University
206	Probability Forecasting for Inflation Warnings from the Federal Reserve	Anthony Garratt; University of Warwick James Mitchell; University of Warwick Shaun Vahey; Australian National University

D23 Rebalancing: Room 320

Ref	Paper	Author(s) and Institution
73	Indebtedness, deleveraging dynamics and macroeconomic adjustment	Carlos Cuerpo; European Commission
85	Is there an alternative strategy for reducing public debt by 2032 ?	Christophe Blot; Sciences Po
123	Fiscal consolidation: austerity & alternatives	Marcus Miller; University of Warwick

D24 Macroprudential 1: Sponsored by the Bank of England: Arts 2 Lecture Theatre

Ref	Paper	Author(s) and Institution
83	Dynamic Macroprudential Regulation	Frederic Malherbe; London Business School
134	Taming the Real Estate Beast: The Effects of Monetary and Macroprudential Policies on Housing prices and Credit	Kenneth Kuttner; Williams College Ilhyock Shim; Bank for International Settlements
204	Three strikes and you're out: a simple econometric model of systemic banking crises	Rodrigo Guimaraes; Bank of England
207	Macroprudential & monetary policies: Implications for Financial Stability & Welfare	Jose Carrasco-Gallego; Universidad Rey Juan Carlos Margarita Rubio; University of Nottingham
Chair	Vicky Saporta,	Bank of England.

10.30-12.00 Parallel (E)

E25 GDRE: Arts 2 Lecture Theatre

Ref	Paper	Author(s) and Institution
84	Has inflation targeting changed the conduct of monetary policy?	Jerome Creel; OFCE and ESCP Europe Paul Hubert; OFCE - Sciences Po
	Factors of transmission of the Global Financial Crisis to G7 countries	Suzanne Salloy, University of Paris Est, Erudite; Irfan A. Kazi, University of Paris Ouest Nanterre
	Public debt and economic growth through History	Alexandru Minea CERDI & University of Auvergne; Antoine Parent LET & Sciences Po Lyon
116	Spurious Regressions and Near-Multicollinearity, with an Application to Aid, Policies and Growth	Jean-Bernard Chatelain; University Paris I Pantheon Sorbonne Kirsten Ralf; Ecole Supérieure de Commerce Exter.

E26 Equity Markets 2: Room 217

Ref	Paper	Author(s) and Institution
86	Strategic Interactions and Portfolio Choice in Money Management: Theory and Evidence	Alvaro Pedraza; University of Maryland
212	Subjective Return Expectations, Information and Stock Market Participation: Evidence from France	Luc Arrondel; Paris-Jourdan Sciences Economiques Hector Calvo Pardo; University of Southampton Derya Tas; University of Southampton
218	Investor sentiment and the UK cross-section stock portfolios	Cheng Xu; University of Stirling
114	Testing external habits in an asset pricing model	Melisso Boschi; Senate of the Republic of Italy Stefano d'Addona; University of Rome 3 Aditya Goenka; National University of Singapore

E27 International Financial Integration: Room 218

Ref	Paper	Author(s) and Institution
89	Putting EMU integration in a new perspective: the case of capital market holdings	George Palaiodimos; Bank of Greece
200	Exchange Rate Flexibility, the International Balance Sheet and Economic Recoveries	Jonathan Hughes
19	The Current Account and Real Exchange Rate Dynamics in African Countries	Ahmad Ahmad; University of Bath
228	An Investigation of Systemic Stress and Interdependencies within the Eurozone	Andreas Tsopanakis; University of Glasgow

E29 Labour Markets: Room 316

Ref	Paper	Author(s) and Institution
115	Financial Shocks & Labor Market Fluctuations	Francesco Zanetti; University of Oxford
118	Towards a quantitative theory of automatic stabilizers: the role of demographics	Alexandre Janiak; University of Chile Paulo Santos Monteiro; University of York
56	Regional Effects of Federal Tax Shocks	Bernd Hayo, Philipps-University Marburg
215	Equilibrium Unemployment in a General Equilibrium Model with Taxes	Keshab Bhattarai; University of Hull

E30 Macroprudential 2: Room 317

Ref	Paper	Author(s) and Institution
142	Debt and Incomplete Financial Markets: A Case for Nominal GDP Targeting	Kevin Sheedy; London School of Economics
166	Liquidity constraints, risk premia, and the macroeconomic effects of liquidity shocks	Ivan Jaccard; European Central Bank
181	Macro effects of bank recapitalizations	Markus Haavio; Bank of Finland
193	Macroprudential Policy Implementation in a Heterogeneous Monetary Union	Margarita Rubio; University of Nottingham

E31 Productivity, Technology & Finance: Room 320

20	The dynamics of hours worked and technology	Filippo Ferroni; Banque de France Cristiano Cantore; University of Surrey
54	Financial pressure & exit from the export market.	Marina-Eliza Spaliara; University of Glasgow
34	The Dynamics of Catch-up and Skill and Technology Upgrading in China	Xi Chen, University of Hamburg Michael Funke, University of Hamburg
231	The International Transmission of Productivity Shocks and the Business Cycle	Sean Holly Cambridge University; Ivan Petrella Birkbeck College, University of London

12.15-13.15 Invited Speaker: Arts 2 Lecture Theatre

Professor Elroy Dimson, London Business School/Cambridge “*Equity Premia Around the World.*”

Chair: Professor Francis Breedon, Queen Mary, University of London.

13.15: Lunch.

END OF CONFERENCE.