



Third Research Conference of the Macroeconomic Modelling and Model Comparison Network (MMCN)

June 13-14, 2019
Goethe University Frankfurt

Conference Program

The Macroeconomic Modelling and Model Comparison Network is a research network under the auspices of the Centre for Economic Policy Research (CEPR) in London. It forms part of the Macroeconomic Model Comparison Initiative (MMCI) by the Hoover Institution at Stanford University and the Institute for Monetary and Financial Stability (IMFS) at Goethe University Frankfurt. The MMCI initiative is supported financially by the Alfred P. Sloan Foundation.

Quantitative macroeconomic models play an important role in informing policymakers about the consequences of monetary, fiscal and macro-prudential policies. MMCN aims to make progress in this area by promoting collaboration among interested researchers in academia and policy institutions. It hopes to provide a forum for presenting new models and model comparisons, as well as the solution and estimation methods underlying them, thereby enhancing opportunities for building on the work of others.

The organizers are very grateful for the financial support of the conference by the Hoover Institution, the Foundation for Monetary and Financial Stability and the Alfred P. Sloan Foundation.

Conference organizers:

Michael Binder (IMFS, Goethe University Frankfurt)
John B. Taylor (Stanford University and Hoover Institution)
Volker Wieland (IMFS, Goethe University Frankfurt and CEPR)

Overview

Thursday, June 13, 2019

08:00 – 08:20	Registration and Coffee
08:20 – 08:30	Welcome
08:30 – 09:45	Lightning Presentations and Keynote Speech: John B. Taylor, Stanford University and Hoover Institution
09:45 – 11:15	Plenary Session I
11:15 – 11:45	Coffee Break
11:45 – 13:15	Parallel Session I
13:15 – 14:15	Lunch
14:15 – 15:45	Poster Session
15:45 – 17:15	Parallel Session II
18:00	Dinner (for invited guests)

Friday, June 14, 2019

08:00 – 08:45	Coffee
08:45 – 10:00	Lightning Presentations and Keynote Speech: Lars Peter Hansen, University of Chicago
10:00 – 10:30	Coffee Break
10:30 – 12:00	Parallel Session III
12:00 – 12:15	Coffee Break
12:15 – 13:15	Parallel Session IV
13:15 – 14:15	Lunch
14:15 – 15:25	Plenary Session II
15:25 – 15:45	Coffee Break
15:45 – 16:45	Parallel Session V
16:45	Concluding Remarks

Plenary sessions: 25 minutes for paper presentation, 5 minutes for general discussion.

Parallel sessions: 15 minutes for paper presentation, 10 minutes for discussant, 5 minutes for general discussion.

Lightning Presentations: 5 minutes for paper presentation, 3 minutes for questions.

Thursday, June 13, 2019

- 08:00 – 08:20** *Registration and Coffee*
Casino, Foyer 1.801/1.802
- 08:20 – 08:30** **Welcome**
Casino, Room 1.801
Volker Wieland, Institute for Monetary and Financial Stability
- 08:30 – 09:45** **Lightning Presentations and Keynote Speech**
Casino, Room 1.801
Chair: **Volker Wieland**, Institute for Monetary and Financial Stability
Lightning Presentations:
Andreas Beyer, European Central Bank
Financial Instability and Monetary Policy – An Augmented Taylor Rule for the Euro Area
Giovanni Ricco, University of Warwick
A Model of the Fed's View on Inflation
Keynote Speech:
John B. Taylor, Stanford University and Hoover Institution
Forward Guidance as Policy Rule
- 09:45 – 11:15** **Plenary Session I: Macroeconomic Models: Estimation and Forecasting**
Casino, Room 1.801
Chair: **Michael Binder**, Institute for Monetary and Financial Stability
Fabio Canova, Norwegian Business School
Mind the Gap! Stylized Dynamic Facts and Structural Models
Adrian Pagan, University of Sydney
Some Econometric Issues that Arise in Macroeconometric Research
Maik Wolters, University of Jena
A Forecasting Competition: First Results
- 11:15 – 11:45** *Coffee Break*
Casino, Foyer 1.801/1.802

11:45 – 13:15

Parallel Session I

Zero Lower Bound

Casino, Room 1.801

Chair: **Alexander Meyer-Gohde**, Institute for Monetary and Financial Stability

Matthias Paustian

Federal Reserve Bank of Governors
Expectations Formation, Sticky Prices, and the ZLB

Discussant: **Sebastian Schmidt**, European Central Bank

Alexander Richter

Federal Reserve Bank of Dallas
The Zero Lower Bound and Estimation Accuracy

Discussant: **Willi Mutschler**, Westfälische Wilhelms-Universität Münster

Sebastian Schmidt

European Central Bank
Simple Analytics of Expectations-Driven Liquidity Traps

Discussant: **Xuan Wang**, University of Oxford

Asset Pricing and Macroeconomics

Casino, Room 1.802

Chair: **Michael Haliassos**, Institute for Monetary and Financial Stability

Oliver de Groot

University of Liverpool
Valuation Risk Revalued

Discussant: **Holger Kraft**, Goethe University Frankfurt

Martin Kliem

Deutsche Bundesbank
(Un)expected Monetary Policy Shocks and Term Premia

Discussant: **Andreas Tischbirek**, University of Lausanne

Andreas Tischbirek

University of Lausanne
Beauty Contests and the Term Structure

Discussant: **Davide Porcellacchia**, European Central Bank

13:15 – 14:15

Lunch

Casino, Foyer 1.801/1.802

14:15 – 15:45

Poster Session

Casino, Room 1.811

Jonathan Benchimol, Bank of Israel

Switching Volatility and Nonlinearities in an Open Economy

Flora Budianto, Freie Universität Berlin

Inflation Targets and the Zero Lower Bound

Stefan Gebauer, German Institute for Economic Research (DIW)

Welfare-Based Optimal Macprudential Policy with Shadow Banks

Brigitte Hochmuth, University of Erlangen-Nürnberg

Labor Market Reforms, Precautionary Savings, and Global Imbalances

Pim B. Kastelein, University of Amsterdam

Pension Fund Restoration Policy in General Equilibrium

Christoph Kaufmann, European Central Bank

Interest Rate Spreads and Forward Guidance

Thibault Lemaire, Université Paris 1 Panthéon – Sorbonne

A Small Open Economy Model: Assessing the Role of Monetary Policy in Egypt

Gülserim Özcan, Atilim University

Optimal Monetary Policy in a Regime-Switching DSGE Model with Time-Varying Concern for Model Uncertainty

Davide Porcellacchia, European Central Bank
Maturity Transformation and Negative Interest Rate Policies

Mauricio Salgado Moreno, Humboldt-Universität zu Berlin
Monetary Policy, Excess Reserves and Credit Supply: Old-style vs. New-style Central Banking

Maximilian Schröder, European Central Bank
With the Force of Many: Nowcasting GDP in a TVP-MF-DFM Model Averaging Framework

Gauthier Vermandel, Paris-Dauphine and PSL Universities
Endogenous Trends

Christian Wittneben, ifo Center for Macroeconomics and Surveys
Automatic Stabilizers in Monetary and Fiscal Unions

15:45 – 17:15

Parallel Session II

Macroeconomic Modelling and Data

Casino, Room 1.801

Chair: **Benjamin Born**, Frankfurt School of Finance & Management

Douglas Laxton
Nova School of Business and Economics
Advancing the Frontiers of Monetary Policy

Willi Mutschler
Westfälische Wilhelms-Universität Münster
A Review of Identification of Dynamic Stochastic General Equilibrium Models

Discussant: **Michael Evers**, University of Hohenheim

Raphael Schoenle
Federal Reserve Bank of Cleveland
From Micro to Macro: A New Methodology to Discriminate Among Models

Discussant: **Adrian Pagan**, University of Sydney

Macroprudential Policy

Casino, Room 1.802

Chair: **Gabriel Fagan**, Trinity College Dublin

Eddie Gerba
Danmarks Nationalbank
Quest for Robust Optimal Macroprudential Policy (ROMP)

Discussant: **Oliver de Groot**, University of Liverpool

Aino Silvo / Fabio Verona
Bank of Finland
Macroprudential Policies for a Small Open Economy

Discussant: **Jonathan Benchimol**, Bank of Israel

Karl Walentin
Sveriges Riksbank
The Costs of Macroprudential Deleveraging in a Low Interest Rate Environment

Discussant: **Stefan Gebauer**, German Institute for Economic Research (DIW)

18:00

Dinner (for invited guests)
Restaurant Sturm & Drang

Dinner Speech

Volker Wieland, Institute for Monetary and Financial Stability

Friday, June 14, 2019

08:00 – 08:45

Coffee
Casino, Foyer 1.801/1.802

08:45 – 10:00

Lightning Presentations and Keynote Speech
Casino, Room 1.801

Chair: **Michael Binder**, Institute for Monetary and Financial Stability

Lightning Presentations:

Kalin Nikolov, European Central Bank
Bank Risk Taking and Twin Defaults

Alexander Meyer-Gohde, Institute for Monetary and Financial Stability
Generalized Entropy and Model Uncertainty

Keynote Speech:

Lars Peter Hansen, University of Chicago
Pricing Uncertainty Induced by Climate Change

10:00 – 10:30

Coffee Break
Casino, Foyer 1.801/1.802

10:30 – 12:00

Parallel Session III

Ambiguity, Uncertainty and Volatility
Casino, Room 1.801

Chair: **Werner Roeger**, European Commission

Sumru Altug
American University Beirut
*Ambiguous Business Cycles:
A Quantitative Assessment*

Discussant: **Benjamin Born**, Frankfurt School of Finance & Management

Francesco Bianchi
Duke University
*The Origins and Effects of Macroeconomic
Uncertainty*

Discussant: **Martin Kliem**, Deutsche Bundesbank

Sacha Gelfer
Bentley University
*The Effects of Professional Forecast
Dissemination on Macroeconomic
Volatility*

Discussant: **Maik Wolters**, University of Jena

Monetary Policy
Casino, Room 1.802

Chair: **Peter McAdam**, European Central Bank

Peter Karadi
European Central Bank
Optimal Exit from QE

Discussant: **Matthias Paustian**, Federal Reserve Bank of Governors

David H. Papell
University of Houston
Policy Rules and Economic Performance

Discussant: **Philipp Lieberknecht**, Deutsche Bundesbank

Felix Strobel
Goethe University Frankfurt
*The Great Recession and the Zero Lower
Bound*

Discussant: **Alexander Richter**, Federal Reserve Bank of Dallas

12:00 – 12:15 *Coffee Break*
Casino, Foyer 1.801/1.802

12:15 – 13:15 **Parallel Session IV**

Nonlinearities and Computational Methods
Casino, Room 1.801

Chair: **Michael Evers**, University of
Hohenheim

Robert Kollmann
Université Libre de Bruxelles
*Rational Bubbles in Non-Linear Business
Cycle Models*

Discussant: **Sumru Altug**, American
University Beirut

Serguei Maliar
Santa Clara University
*Will Artificial Intelligence Replace
Computational Economists Any Time
Soon?*

Discussant: **Raphael Schoenle**, Federal
Reserve Bank of Cleveland

Monetary and Fiscal Policy
Casino, Room 1.802

Chair: **Klaus Adam**, University of Oxford

Cristiano Cantore
Bank of England
*The Missing Link: Monetary Policy and
The Labor Share*

Discussant: **David H. Papell**, University of
Houston

Xuan Wang
University of Oxford
Banks, Money and the Zero Lower Bound

Discussant: **Mauricio Salgado Moreno**,
Humboldt-Universität zu Berlin

13:15 – 14:15 *Lunch*
Casino, Foyer 1.801/1.802

14:15 – 15:25 **Plenary Session II: Lightning Presentations**
Casino, Room 1.801

Chair: **John B. Taylor**, Stanford University and Hoover Institution

Gregor Boehl, Goethe University Frankfurt
A Structural Investigation of Quantitative Easing

Sujit Kapadia, European Central Bank
Targeting Financial Stability: Macprudential or Monetary Policy?

Sören Karau, Goethe University Frankfurt
Banks' Systemic Risk and Monetary Policy

Daniel Kaufmann, University of Neuchatel
Shocking Interest Rate Floors

Jenny Körner, European Central Bank
Empowering Central Bank Asset Purchases: The Role of Financial Policies

Falk Mazelis, European Central Bank
Using Forecast-Augmented VAR Evidence to Dampen the Forward Guidance Puzzle

Lazar Milivojevic, Institute for Monetary and Financial Stability
Macroeconomic Model Data Base

15:25 – 15:45 *Coffee Break*
Casino, Foyer 1.801/1.802

15:45 – 16:45

Parallel Session V

Economic Policy

Casino, Room 1.801

Chair: **Klaus Masuch**, European Central Bank

Philipp Pfeiffer

European Commission
*Fiscal Policy in EMU with Downward
Nominal Wage Rigidity*

Discussant: **Brigitte Hochmuth**, University of Erlangen-Nürnberg

Werner Roeger

European Commission
How to Retaliate Against Import Tariffs?

Discussant: **Kai Christoffel**, European Central Bank

Financial Frictions

Casino, Room 1.802

Chair: **Maik Schmeling**, Goethe University Frankfurt

Benjamin Born

Frankfurt School of Finance & Management
*Shocks and Frictions in Business Cycles
with Heterogeneous Agents*

Discussant: **Gregor Boehl**, Goethe University Frankfurt

Javier Ferri

University of Valencia
*Financial and Fiscal Shocks in the Great
Recession and Recovery of the Spanish
Economy*

Discussant: **Felix Strobel**, Goethe University Frankfurt

16:45

Concluding Remarks

Casino, Room 1.801

Volker Wieland, Institute for Monetary and Financial Stability