

# 2016 ACTIVITY REPORT OF THE CENTRAL BANK RESEARCH ASSOCIATION

This report informs about the activities of the Central Bank Research Association (CEBRA) in 2016 and gives and outlook to the activities that are currently in the making for 2017.

In 2016, CEBRA organized four academic events, launched a research program on the topic International Finance and Macroeconomics, and launched the CEBRA-NBER-Summer Institute Initiative.

2017 will see CEBRA's first large annual meeting featuring in total 10 sessions, of which one each will be organized by the Bank for International Settlement, the International Monetary Fund, the World Bank, and the National Bureau of Economic Research. 2017 will further see a repeat of our session on Monetary Policy and Financial Stability in the Asia-Pacific at ABFER, the inaugural "Boston Policy Workshop" taking place at the Federal Reserve Bank of Boston a day ahead of the NBER Summer Institute. Moreover, the International Finance and Macroeconomics program will hold its inaugural conference at the Bank of England and Banca d'Italia will host CEBRA's "International Trade and Macroeconomics" Program conference.

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# Monetary Policy and Financial Stability in the Asia-Pacific, ABFER Annual Meeting, Shangri La, Singapore

The Asia-Pacific chapter of CEBRA, the Bank for International Settlements, the Reserve Bank of India, the Bank of Japan, the Reserve Bank of New Zealand, and the Bank of Thailand co-hosted a half-day session on 23 May 2016, on the topic of *Monetary Policy and Financial Stability in the Asia-Pacific*.

The session, which consisted of the presentation and discussion of four papers of regional central bank economists chosen by a selection committee of the sponsors, was held in Singapore during the annual conference of the Asian Bureau of Finance and Economic Research (ABFER), and organized in cooperation with the International Macroeconomics, Money & Banking track of the conference.

In addition to the speakers and discussants, more than 35 people attended the session. It was a lively workshop with extended question and answer sessions after each paper. Central banks representatives in attendance thought it was an event worth keeping up in future years.

**2017 Outlook - ABFER has offered CEBRA access to its conference facilities during its 2017 annual meeting. Provided central bank participation can again be ensured, a session will be organised. Interested parties are asked to contact Frank Packer, Chair of the Asia-Pacific chapter of CEBRA ([Frank.Packer@BIS.org](mailto:Frank.Packer@BIS.org)).**

<b>Program</b>	
Koji Nakamura (BOJ) and Tomoyuki Yagi (BOJ) Discussant: T. Hoshi (Stanford)	<i>Fiscal Conditions and Long-term Interest Rates</i>
Abhihman Das (RBI), Prachi Mishra (RBI), and Nagpurnanand Prabhala (CAFRAL) Discussant: S. Agarwal (National University of Singapore)	<i>The Transmission of Monetary Policy Within Banks: Evidence from India</i>
Punnoose Jacob (RBNZ) and Anella Munro (RBNZ) Discussant: A. Gerali (Banca d'Italia)	<i>A Macprudential Stable Funding Requirement and Monetary Policy in a Small Open Economy</i>
Piti Disyatat (Bank of Thailand) and Phurichai Rungcharoenkitkul (BIS) Discussant: J. Sequeira (Monetary Authority of Singapore)	<i>Monetary Policy and Financial Spillovers: Losing Traction?</i>

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NORGES BANK

ESCB

European System of Central Banks

## Annual Meeting & Financial Stability and Macroprudential Policy Workshop, Norges Bank, Oslo, Norway

On Tuesday, August 16, 2016, Norges Bank hosted a workshop on financial stability and macroprudential policies organised by the European Chapter of CEBRA. The event was co-organised with the European System of Central Banks. The organization committee included Tobias Adrian (Federal Reserve Bank of New York), Wilko Bolt (De Nederlandsche Bank), Steven Ongena (University of Zurich), José-Luis Peydró (Universitat Pompeu Fabra), Kasper Roszbach (Sveriges Riksbank). It was chaired by Farooq Akram (Norges Bank and CEBRA's European Chapter Co-Head).

After opening remarks by the executive director of financial stability of Norges Bank, Torbjorn Haegeland, the morning sessions covered the cross-border effects of regulation in international banking, the reaction of banks to stricter regulation,

the effect of credit conditions and macroprudential policy on housing prices, the role of the ECB as lender and buyer of last resort.

The afternoon continued with the dynamics of risk-taking, a big-data analysis of the effect of news in financial systems, an agency perspective on equity and debt, bank liquidity and capital regulation in a GE set-up, and the drivers and effectiveness of personal vs. real loan guarantees.

The day concluded with CEBRA's annual assembly.

**2017 Outlook – The 2017 annual meeting will take place at the Bank of Canada in Ottawa on July 20-21 2017. The conference committee of CEBRA's 2017 annual meeting is chaired by Rhys Mendes (rmendes@bankofcanada.ca).**

<b>Program</b>			
08:50-09:00	<b>Opening remarks</b> Torbjorn Hægeland, Executive Director of Norges Bank Financial Stability	14:20-15:00	<b>Risk-taking dynamics and financial stability</b> Anton Korinek, Johns Hopkins U. (with M. Nowak) Discussant: Enisse Kharroubi, BIS
09:00-09:40	<b>International banking and cross-border effects of regulation: Lessons from the United States</b> Ricardo Correa, FR Board (with J. Berrospide, L. Goldberg and F. Niepmann) Discussant: Valeriya Dinger, University of Osnabrück	13:40-14:20	<b>News and narratives in financial systems: Exploiting big data for systemic risk assessment</b> Robert Smith, University College London (with R. Nyman, D. Gregory, S. Kapadia, P. Ormerod and D. Tuckett) Discussant: Leif A. Thorsrud, Norges Bank
09:40-10:20	<b>How do banks adjust to stricter supervision?</b> Maximilian Eber, Harvard (with C. Minoiu) Discussant: Steven Ongena, University of Zurich	15:15-15:55	<b>Equity versus bail-in debt in banking: An agency perspective</b> Kalin Nikolov, ECB (with C. Mendicino and J. Suarez) Discussant: Christoph Bertsch, Sveriges Riksbank
10:30-11:10	<b>Credit conditions, macroprudential policy and house prices</b> Fergal McCann, Central Bank of Ireland (with R. Kelly and C. O'Toole) Discussant: Gabriel Bruneau, Bank of Canada	15:55-16:35	<b>Bank liquidity and capital regulation in general equilibrium</b> John C. Driscoll, FR Board (with F. Covas) Discussant: Alexandros Vardoulakis, FR Board
11:10-11:50	<b>Choosing stress scenarios for systemic risk through dimension reduction</b> Matthew Pritsker, FRB Boston Discussant: Eric Schaanning, Norges Bank	16:50-17:30	<b>"Keeping it personal" or "getting real"? On the drives and effectiveness of personal versus real loan guarantees</b> Sergio Mayordomo, University of Navarra (with A. Moreno, S. Ongena and M. Rodríguez-Moreno) Discussant: Arzu Uluc, Bank of England
12:05-12:45	<b>Lender of last resort versus buyer of last resort – The impact of the European Central Bank actions on the bank-sovereign Nexus</b> Diane Pierret, University of Lausanne (with V. Acharya and S. Steffen) Discussant: Brent Glover, Carnegie Mellon	17:30-18:30	<b>Annual Assembly of the Central Bank Research Association</b>

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## International Trade and Macroeconomic Interdependence in the Age of Global Value Chains, Bank of Lithuania, Vilnius, Lithuania

On September 15 and 16, 2016, researchers and experts gathered at the Bank of Lithuania in Vilnius to address issues around international trade and macroeconomic interdependence with particular focus on global value chains. The event was co-organized with the National Bank of Poland and the Centre for Economic Policy Research (CEPR).

The event constitutes the inaugural conference of CEBRA's "International Trade and Macroeconomics" Program," which is directed by Fabio Ghironi (University of Washington) and was launched in 2015.

The conference committee consisted of Michal Brzoza-Brzezina (National Bank of Poland and CEBRA), Mihnea Constantinescu (Local Chair - Bank of Lithuania and CEBRA), Fabio Ghironi (University of Washington, Seattle, CEBRA, and CEPR), Jan Hagemeyer (National Bank of Poland), and Gianmarco Ottaviano (London School of Economics, CEBRA, and CEPR).

The program started with a keynote panel with Prof. Richard Baldwin (President of CEPR), Prof. Fabio Ghironi (Director of CEBRA's International

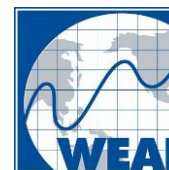
Trade and Macroeconomics Program), Paul F. Glaser, (Professor of Economics at the University of Washington and member of the CEPR), and David Haugh (economist at the OECD).

Thereafter, Prof. Marcel Timmer (University of Groningen) presented on the recent worldwide slowdown in trade and Prof. Laura Alfaro has been invited to present a firm-level analysis of internalizing global value chains. Sessions will focus on (i) global value chains and labor markets, (ii) global value chain organization, (iii) global value chains and prices, (iv) global value chain hubs, and, lastly, (v) global value chains and macroeconomic issues.

**Outlook – Banca d'Italia will host CEBRA's next International Trade and Macroeconomics Program conference in late 2017. 2018 will see a repeat of the CEPR - National Bank of Poland - Bank of Lithuania cooperation. Central banks interested in hosting such events are asked to get in touch with Fabio Ghironi, Program Director (ghiro@uw.edu).**

**Program International Trade and Macroeconomic Interdependence in the Age of Global Value Chains, 15-16.09.2016 Bank of Lithuania, Vilnius, Lithuania**

Thu	September 15, 2016	Fri	September 16, 2016
9:00	<b>Keynote Panel: Rethinking Trade and Interdependence in the Age of GVCs</b> Richard Baldwin (Graduate Institute, Geneva and CEPR) Fabio Ghironi (University of Washington) David Haugh (OECD)	9:00	<b>Invited Presentation: Internalizing Global Value Chains: A Firm-Level Analysis</b> Laura Alfaro (Harvard University) (with P. Antràs, D.Chor, and P. Conconi)
11:00	<b>Invited Presentation: Peak trade? An Anatomy of the Recent Global Trade Slowdown</b> Marcel Timmer (University of Groningen) (with B. Los, R. Stehrer, and G. de Vries)	10:30	<b>Session 3: GVCs and Prices</b> Chair: TBA  <b>Global Value Chains and Effective Exchange Rates at the Country-Sector Level</b> Nikhil Patel (BIS), Zhi Wang (U.S. International Trade Commission), Shang-Jin Wei (ADB and CEPR), Discussant: Rudolfs Bems (U of Tokyo)  <b>International Inflation Spillovers through Input Linkages</b> Raphael A. Auer (BIS and CEPR), Andrei A. Levchenko (U Michigan and CEPR), Philip Sauré (Swiss National Bank) Discussant: Sophie Guilloux-Nefussi, Bank of France
13:00	<b>Session 1: GVCs and Labor Markets</b> Chair: TBA  <b>Routine Jobs, Employment and Technological Innovation in Global Value Chains</b> Luca Marcolin (OECD), Sébastien Miroudot (OECD), Mariagrazia Squicciarini (OECD) Discussant: Philipp Harms (University of Mainz)  <b>Offshoring, Low-skilled Immigration and Labor Market Polarization</b> Federico Mandelman (FRB Atlanta), Andrei Zlate (FRB Boston) Discussant: Rosario Crino (Catholic University Milan and CEPR)	13:30	<b>Session 4: GVC Hubs</b> Chair: Fabio Ghironi (University of Washington and CEPR)  <b>Fundamental Moments</b> Jean Imbs (Paris School of Economics and CEPR), Laurent L. Pauwels (University of Sydney) Discussant: Aleksandra Parteka (Gdansk University of Technology)
15:30	<b>Session 2: GVC Organization</b> Chair: Mihnea Constantinescu (Bank of Lithuania)  <b>Do Multinationals Transplant Their Business Model?</b> Dalia Marin (University of Munich and CEPR), Linda Rousova (European Central Bank), Thierry Verdier (Paris School of Economics and CEPR) Discussant: TBA  <b>Managing Export Complexity: The Role of Service Outsourcing</b> Giuseppe Berlingieri (London School of Economics) Discussant: Alessandro Barattieri (Collegio Carlo Alberto, Turin)	15:00	<b>Session 5: GVCs and Macroeconomic Issues</b> Chair: Fabio Ghironi (University of Washington and CEPR)  <b>Global Value Chain Participation and Current Account Imbalances</b> Johannes Brumm (University of Zurich), Georgios Georgiadis (European Central Bank), Johannes Gräßl (European Central Bank), Fabian Trostner (Princeton University) Discussant: Gianluca Benigno (London School of Economics and CEPR)  <b>Global Perspective on Structural Labour Market Reforms in Europe</b> Povilas Lastauskas (University of Cambridge) Julius Stakenas (Bank of Lithuania) Discussant: Matteo Cacciatore (HEC Montréal)



## Four sessions at the WEAI 2016 meetings in Portland, OR, USA

CEBRA organized four sessions at the Western Economic Association International's annual meeting in Portland in July 2016. Each session was arranged by two people, for the total of 8 organizers from central banks and academia. The general focus was on international economics and specific topics were formulated on the basis of submitted papers.

CEBRA's committee consisted of Yu-Chin Chen (UW Seattle), Anthony Landry (Bank of Canada),

Federico Mandelman (FRB Atlanta), Friederike Niepmann (FR Board), Galina Hale (FRB SF – CEBRA Program Chair for WEAI), John Rogers (FR Board), and Andrei Zlate (FRB Boston).

The WEAI has expressed interest in CEBRA sessions at next year's meeting. 2017 outlook - **Please contact** CEBRA-WEIA Program Chairs **Anthony Landry** ([anthonylandry@bankofcanada.ca](mailto:anthonylandry@bankofcanada.ca)) and **Martin Berka** ([m.berka@auckland.ac.nz](mailto:m.berka@auckland.ac.nz)).

<b>Program Four CEBRA sessions at Western Economic Association International's annual meeting July 2016</b>	
<ul style="list-style-type: none"> <li><b>Banks and trade</b></li> <li><i>The Role of Foreign Banks in Trade</i>, Neeltje van Horen, BoE (with S. Claessens and O. Hassib)</li> <li><i>Bank Linkages and International Trade</i>, Galina Hale, FRBSF (J. Caballero and C. Candelaria)</li> <li><i>Financial Intermediation, Resource Allocation, and Macroeconomic Interdependence</i>, Kemal Ozhan, University of Washington, Seattle</li> <li><i>Understanding Trade Finance: Theory and Evidence from Transaction-level Data</i>, Jaebin Ahn, IMF</li> </ul>	<ul style="list-style-type: none"> <li><b>2. Real exchange rates</b></li> <li><i>Why are Exchange Rates so Smooth? A Segmented Asset Markets Explanation</i>, Kanda Naknoi, University of Connecticut (with Y. Chien and H. Lustig)</li> <li><i>Fiscal Policy Shocks and Real Exchange Rates</i>, David Parsley, Vanderbilt University (with S. Wei)</li> <li><i>Regional RER Dynamics in China</i>, Martin Berka, University of Auckland (with Y. Chen)</li> <li><i>Accounting for Real Exchange Rates Using Micro Data</i>, Anthony Landry, Bank of Canada (with M. Crucini)</li> </ul>
<ul style="list-style-type: none"> <li><b>3. Global banks and international linkages</b></li> <li><i>Cross-Border Bank Flows and Monetary Policy</i>, Andrei Zlate, FRB Boston (with R. Correa, T. Paligorova, and H. Sapriza)</li> <li><i>Regulatory Arbitrage in Action: Evidence from Banking Flows and Macropprudential Policy</i>, Rhiannon Sowerbutts, BoE (with D. Reinhardt)</li> <li><i>Banks' Organizational Structure and International Shock Transmission</i>, Bjoern Richter, University Bonn (with C. Eufinger and F. Niepmann)</li> <li><i>Global Liquidity and Corporate Financing in Mexico</i>, Othon Moreno, Banco de Mexico (with M. Caraberin and A. de la Garza)</li> </ul>	<ul style="list-style-type: none"> <li><b>4. Labor mobility</b></li> <li><i>On the Implications of Immigration Policy Restricting Citizenship: Evidence from the Dominican Republic</i>, Susan Pozo, Western Michigan University (with C. Amuedo-Dorantes)</li> <li><i>Offshoring, Low-Skilled Immigration, and Labor Market Polarization</i>, Andrei Zlate, FRB Boston (with F. Mandelman)</li> <li><i>The Welfare Costs of Labor Market Mismatch</i>, David Arseneau (FRBoard) (with B. Epstein)</li> </ul>

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## Participating in NBER's Summer Institute

NBER's SI is the most prestigious meeting on the globe to present at or attend in most areas of interest to central banks. Every year the SI hosts just over 2600 participants, spread over a period of three weeks; 55 distinct research meetings are held during the course of the Summer Institute with 512 papers presented. Many of those papers are highly policy relevant and the visiting economist should expect to get useful input for their research program in 2017 and beyond. It is also a good place to meet potential co-authors and the editors of the most important journals in our profession.

For 2016, the NBER invited CEBRA participants to attend the following workshops between July 11 and July 15, 2016:

- International Finance and Macroeconomics,
  - International Trade and Macroeconomics,
  - Monetary Economics,
  - Macro, Money and Financial Frictions,
- and
- Risks in Financial Institutions.

Edward Offenbacher, Director of the Monetary Division at the Bank of Israel, and the Bank of

Israel graciously handled the organizational details of CEBRA's initiative to participate in the NBER's Summer Institute. For the future, Edward Offenbacher will continue to serve as CEBRA-NBER SI Liaison officer.

**2017 Outlook: CEBRA has a confirmed 15 slots at the NBER SI.**

**CEBRA will send out a Save the Date reminder in time for next year's Summer Institute. If you or members of your institution are interested in participating in the NBER's Summer Institute through CEBRA, please contact Edward Offenbacher ([Edward.Offenbacher@BOI.org.il](mailto:Edward.Offenbacher@BOI.org.il)) for detailed information on the participation fee and the application process.**



# OUTLOOK 2017

CEBRA is organizing the following events in 2017.

<b>May 22</b>	<b>CEBRA-ABFER Session on Monetary Policy and Financial Stability in the Asia Pacific</b>	Frank Packer (FrankPacker@BIS.org)
<b>July 9</b>	<b>Boston Policy Workshop</b>	Jose Fillat (Jose.Fillat@bos.frb.org)
<b>July 10-15</b>	<b>Central Bank Participation at the NBER Summer Institute</b>	Edward Offenbacher (Edward.Offenbacher@BOI.org.il)
<b>July 20-21</b>	<b>2017 Annual Meeting of the Central Bank Research Association</b>	Rhys Mendes (rmendes@bankofcanada.ca)
<b>October 12-13</b>	<b>Inaugural Conference of CEBRA's "International Finance and Macroeconomics" Program at the Bank of England</b>	Galina Hale and Neeltje van Hooren
<b>tbd</b>	<b>CEBRA's "International Trade and Macroeconomics" Program conference at Banca d'Italia</b>	Fabio Ghironi (ghiro@uw.edu)

For up-to-date information, please check [cebra.org](http://cebra.org).



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## 2017 Annual Meeting of the Central Bank Research Association at the Bank of Canada

Hosted by the Bank of Canada, Ottawa, Canada, July 20-21, 2017

The annual meeting of the Central Bank Research Association (CEBRA) brings together policy-relevant research on topics of interest to central banks and international financial institutions. CEBRA's 2017 Annual Meeting is organized jointly with the Bank of Canada (BoC) and takes place on July 20-21 2017 at the BoC's conference center in Ottawa.

The 2017 meeting features in total six sessions jointly organized by BoC staff and CEBRA.

The 2017 annual meeting further features sessions organized by the **Bank for International Settlements, the International Monetary Fund, the World Bank, and NBER.**

The scientific conference committee is chaired by Rhys Mendes, Chief of Economic and Financial Research at the BoC.

Submissions are welcome on all topics listed below. **Submissions should be directed to [CEBRA2017@bankofcanada.ca](mailto:CEBRA2017@bankofcanada.ca) and need to be received before January 28th, 2017. Please include the session you are submitting your paper to in the subject of the email.** Authors of accepted papers will be notified by the end of March 2017.

Session	Topic	Organizing Program and Institution
1.	<b>Unconventional monetary policy</b>	BoC on behalf of CEBRA's PAM Program
2.	<b>International banking</b>	CEBRA's IFM Program
3.	<b>Fintech and payments</b>	BoC on behalf of CEBRA's PAM Program
4.	<b>Micro price dynamics and inflation</b>	BoC & CEBRA's ITM Program
5. & 6.	<b>Commodities and macro</b>	BoC & CEBRA's CMA Program
7	<b>Macroprudential policies and financial stability</b>	Special session organized by the Bank for International Settlements
8	<b>Monetary policy and financial stability</b>	Special session organized by the International Monetary Fund
9	<b>Cyclical spillovers</b>	Special session organized by the World Bank
10	<b>The New Marcofinance</b>	Special session organized by the National Bureau of Economic Research



## Boston Policy Workshop at FRB Boston a day ahead of NBER SI

July 9, 2017

The Central Bank Research Association (CEBRA) is organizing an afternoon workshop on Sunday July 9, 2017. The objective of this workshop is to bring together policymakers from across the globe to present policy-relevant work and discuss current issues and challenges in monetary policy and financial stability.

**The event is open to researchers affiliated with a central bank or related policy institution only, as well as, to CEBRA's executive officers and members of the Senior Council. The submitting author must be a member of CEBRA. To join CEBRA free of charge, please visit [www.cebraz.org/join/](http://www.cebraz.org/join/).**

After the recent global financial crisis, financial stability risks have come up to the forefront of policy discussions. Central banks around the globe have addressed financial instability with different tools, including extraordinary monetary policy measures. Other approaches have favored the implementation of macroprudential policies to minimize externalities caused by a large ex-post decline in asset values. Overall, policy makers have faced a complex situation, which has generated a sizeable demand for economic and

financial research on these relevant topics. Against this background, **we welcome submissions related, but not restricted, to policy-relevant research on financial stability and/or monetary policy.**

**The deadline for submissions is 15 January 2017.** Please send drafts of complete papers to [bostonpolicy@cebraz.org](mailto:bostonpolicy@cebraz.org). Authors of accepted papers will be informed by 15 March 2017. Please address any questions to [jose.fillat@bos.frb.org](mailto:jose.fillat@bos.frb.org).

The workshop is hosted by the Federal Reserve Bank of Boston and takes place at 600 Atlantic Ave., Boston, MA.

Scientific committee:

***Chair: Jose Fillat (FRB Boston)***

***Edward Offenbacher (Bank of Israel)***

***Giovanni Olivei (FRB Boston)***

***Frank Smets (ECB)***

***Skander van den Heuvel (FR Board/ECB)***