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Climate Change, Pandemics, Monetary Policy: New Approaches in Crisis Time

7th Conference on New Developments in Business Cycle Analysis

An online Conference hosted by Danmarks Nationalbank
9 December 2020, 1pm-6pm

Times given in Central European Time (UCT+1)

12:50 - 13:00 Welcome by **Signe Krogstrup** (Governor, Danmarks Nationalbank) and **Federico Ravenna** (Head of Research, Danmarks Nationalbank)

Parallel Session A: Climate Change
Chair: Federico Ravenna (Danmarks Nationalbank)

13:00 – 14:40 **Pricing Carbon-Transition Risk**
Patrick Bolton (Columbia University, Imperial College, CEPR, and NBER) and **Marcin Kacperczyk** (Imperial College and CEPR)

Discounting Climate Change Mitigation Projects: A Disaster-Based Asset Pricing Model

Maria Gelrud (Wharton School, University of Pennsylvania) and Jessica A. Wachter (Wharton School, University of Pennsylvania)

Self-fulfilling Prophecies in Directed Technical Change

Sjak Smulders (CentER, Tilburg University) and **Sophie Zhou** (Deutsche Bundesbank)

How Should Climate Change Uncertainty Impact Social Valuation and Policy?

Michael Barnett (ASU), William A. Brock (Wisconsin) and **Lars Peter Hansen** (University of Chicago)



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Parallel Session B: Climate Change

Chair: Christoph Meinerding (Deutsche Bundesbank)

13:00 – 14:40

The Rising Cost of Climate Change: Evidence from the Bond Market

Michael D. Bauer (Universitaet Hamburg and CESifo) and Glenn D. Rudebusch (Federal Reserve Bank of San Francisco)

Are Climate Change Risks Priced in the U.S. Stock Market?

Renato Faccini (Danmarks Nationalbank, Centre for Macroeconomics - LSE), **Rastin Matin** (Danmarks Nationalbank), George Skiadopoulos (University of Piraeus, Queen Mary University of London)

Climate Risk and Commodity Currencies

Vegard H. Larsen (Norges Bank), Leif Anders Thorsrud (BI Norwegian Business School) and Felix Kapfhammer (BI Norwegian Business School)

Greening Monetary Policy: Climate Change Expectations and the Natural Rate

Alexander M. Dietrich (University of Tuebingen), Gernot J. Mueller (University of Tuebingen, CEPR and CESifo) and **Raphael S. Schoenle** (Brandeis University and Federal Reserve Bank of Cleveland, CEPR and CESifo)

Parallel Session C: Pandemics

Chair: Drago Bergholt (Norges Bank)

13:00 – 14:40

Addressing COVID-19 Outliers in BVARs with Stochastic Volatility

Andrea Carriero (Queen Mary University of London), Todd Clark (Federal Reserve Bank of Cleveland), Massimiliano Marcellino (Bocconi University, IGER and CEPR) and **Elmar Mertens** (Deutsche Bundesbank)

The Limited Power of Monetary Policy in a Pandemic

Antoine Lepetit (Board of Governors of the Federal Reserve System) and **Cristina Fuentes-Albero** (Board of Governors of the Federal Reserve System)



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Aggregate-Demand Amplification of Supply Disruptions: The Entry-Exit Multiplier

Florin O. Bilbiie (University of Lausanne and CEPR) and
Marc J. Melitz (Harvard University, CEPR, and NBER)

The Credit Line Channel

Daniel L. Greenwald (MIT Sloan School of Management),
John Krainer (Board of Governors of the Federal Reserve)
and **Pascal Paul** (Federal Reserve Bank of San Francisco)

Parallel Session D: Pandemics

Chair: Genevieve Nelson (Danmarks Nationalbank)

13:00 – 14:40

Uncertainty and the Real Economy: Evidence from Denmark

Mikkel Bess (Danmarks Nationalbank), **Erik Grenestam**
(Danmarks Nationalbank), Alessandro Martinello
(Danmarks Nationalbank) and Jesper Pedersen (Danmarks
Nationalbank)

Nowcasting Norwegian Household Consumption with Debit Card Transaction Data

Knut Are Aastveit (Norges Bank, BI Norwegian Business
School), Tuva Marie Fastbø (Norges Bank), Elenora
Granziera (Norges Bank), Kenneth Sætherhagen Paulsen
(Norges Bank) and Kjersti Næss Torstensen (Norges Bank)

Longer-run Economic Consequences of Pandemics

Òscar Jordà (Federal Reserve Bank of San Francisco San
Francisco, University of California at Davis), **Sanjay R.
Singh** (University of California at Davis) and Alan M. Taylor
(University of California at Davis, CEPR, NBER)

How do People Respond to Small Probability Events with Large, Negative Consequences?

Martin Eichenbaum (Northwestern University), Miguel
Godinho de Matos (Catolica Lisbon School of Business
and Economics), Francisco Lima (Statistics Portugal and
CEG-IST), **Sergio Rebelo** (Northwestern University),
Mathias Trabandt (Freie Universitaet Berlin, DIW and IWH)

14:40 – 15:00

Break



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First Session on Monetary Policy

Chair: Francesco Furlanetto (Norges Bank)

15:00 – 16:00

The Reversal Interest Rate

Markus K. Brunnermeier (Princeton University) and **Yann Koby** (Princeton University, Brown University)

Monetary Policy at Ground Level: Bank Loan Market Power and Risk-taking

Philipp König (Deutsche Bundesbank) and Eva Schliephake (Catolica Lisbon)

Second Session on Monetary Policy

Chair: Emanuel Moench (Deutsche Bundesbank)

16:00 – 17:00

Monetary and Fiscal Policies in Times of Large Debt: Unity is Strength

Francesco Bianchi (Duke University, CEPR, NBER), **Renato Faccini** (Danmarks Nationalbank, Centre for Macroeconomics - LSE) and Leonardo Melosi (Federal Reserve Bank of Chicago, EUI, CEPR)

The Economics of Helicopter Money

Pierpaolo Benigno (University of Bern and EIEF) and Salvatore Nistico (Sapienza University of Rome)

Third Session on Monetary Policy

Chair: Federico Ravenna (Danmarks Nationalbank)

17:00 – 18:00

Mortgage Prepayment and Path-Dependent Effects of Monetary Policy

David Berger (Duke University, NBER), Konstantin Milbradt (Northwestern University, NBER), Fabrice Tourre (Copenhagen Business School) and **Joseph Vavra** (University of Chicago and NBER)

State Dependence of Monetary Policy Across Business, Credit and Interest Rate Cycles

Sami Alpanda (University of Central Florida), **Eleonora Granziera** (Norges Bank), Sarah Zubairy (Texas A&M University)



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Program Committee: Francesco Furlanetto (Norges Bank), Emanuel Moench (Deutsche Bundesbank), Denis Gorea and Federico Ravenna (Danmarks Nationalbank)