



€ABCN

Euro Area Business Cycle Network

2017 ANNUAL REPORT

1 JULY 2016 – 30 JUNE 2017

EURO-AREA BUSINESS CYCLE NETWORK
33 Great Sutton Street, London, EC1V 0DX



For the **Annual Steering Committee Meeting 2017**

Hosted by the European Central Bank, Frankfurt

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1. INTRODUCTION

The Euro Area Business Cycle Network (EABCN) provides a forum for the better understanding of the business cycle in the euro-area, by linking academics and researchers in central banks and other policy institutions involved in its empirical analysis. The network was launched officially on 1 April 2002. The first EABCN Steering Committee meeting, hosted by Banca d'Italia in September 2002, ratified the network's organisational structure and approved its ability to spend network funds. The network currently consists of 21 institutional members and over 1,100 individual members. Its organisational structure consists of an Executive Group, a Scientific Committee and a Steering Committee.

EXECUTIVE GROUP

The Executive Group consists of the Chair of the Steering Committee, the Chair of the Scientific Committee and a CEPR senior representative. The Executive Committee reports to the Steering Committee and approves deviations from the budget during the year. Major changes to the budget are communicated to the Steering Committee and approved by written procedure. The CEPR President is its representative on the Executive Group.

THE SCIENTIFIC COMMITTEE

The Scientific Committee previously consisted of between four and seven people, each with a two-year term. It included academics and central bank representatives who would decide the direction of research for the network, based on current trends in the field. However, at the Steering Committee Meeting in 2016, it was noted that the Scientific Committee had not been active in recent years and should therefore be restructured so that it was made up of people active in the Network. The Scientific Committee now consists of the Chair, Vice-Chair and the EABCN Network Coordinator.

Klaus Adam is Chair of the Scientific Committee. He is Professor of Economics at the University of Mannheim, Research Professor at the Deutsche Bundesbank, a CEPR Research Fellow and an Associate Editor of the Journal of Monetary Economics. Prior to joining Mannheim, he was Principal Economist at the Monetary Policy Research Division of the ECB. Klaus obtained his Ph.D. from the European University Institute in Florence and has held Assistant Professorships at the University of Salerno and Goethe University in Frankfurt.

Barbara Rossi is Vice-Chair of the Scientific Committee. She is an ICREA Professor of Economics at UPF and Barcelona GSE Affiliated Professor. She was previously Associate Professor with tenure at the Department of Economics at Duke University, after earning her PhD from Princeton University. She is a CEPR Research Fellow, a member of the CEPR Business Cycle Dating Committee and a Director of the International Association of Applied Econometrics.

THE STEERING COMMITTEE

The Steering Committee consists of representatives of all institutional members and meets annually to approve the EABCN budget and discuss the annual report.

Luc Laeven is the Chair of the Steering Committee. Dr Laeven is currently Director General of DG Research at the ECB and has previously worked for the IMF and World Bank. He obtained his Ph.D. in Economics from the University of Amsterdam. His fields of interest are Macro-Finance, International Finance, Corporate Finance and Financial Intermediation.

EABCN INSTITUTIONAL MEMBERS

EABCN currently has 21 institutional members, each with a single representative:

Banca d'Italia
Giuseppe Parigi

Banco de España
Gabriel Perez-Quiros

Banco de Portugal
Isabel Correia

Bank of England
Stephen Millard

Bank of Finland
Jouko Vilmunen

Bank of Slovenia
Arjana Brezigar-Masten

Banque Centrale du Luxembourg
Jean-Pierre Schoder

Banque de France
Yannick Kalantzis

Banque Nationale de Belgique
Rafael Wouters

Central Bank & FSA of Ireland
Fiona Farrelly

Czech National Bank
Jan Brůha

De Nederlandsche Bank
Peter van Els

Deutsche Bundesbank
Emanuel Moench

DG ECFIN
Werner Roeger

European Central Bank
Luc Laeven

Magyar Nemzeti Bank
Adam Reiff

National Bank of Poland
Tomasz Łyziak

Norges Bank
Knut Are Aastveit

Oesterreichische Nationalbank
Doris Ritzberger-Gruenwald

Schweizerische Nationalbank
Marcel Savioz

Sveriges Riksbank
Jesper Lindé

NETWORK CO-ORDINATOR

The Network Coordinator, **Elisa Faraglia**, works in collaboration with the Chair and Vice-Chair of the Scientific Committee and the relevant CEPR staff to facilitate planned network activities. The Network Coordinator works to ensure activities occur on schedule and to a high scientific standard. Dr Faraglia is a University Lecturer at King's College, Cambridge and a CEPR Research Affiliate.

CENTRE FOR ECONOMIC POLICY RESEARCH (CEPR)

The Centre for Economic Policy Research acts as the Network's secretariat by handling administrative tasks such as receiving and dispersing funds; organising meetings; processing expense claims; keeping the accounts and maintaining the website. Some of these tasks are done in cooperation with the Network Coordinator. CEPR also produces the Annual Report which is circulated in advance of the annual Steering Committee Meeting. It reports on events, members, finances, the website and feedback.

Currently, the point of contact at CEPR for EABCN inquiries is **Simran Bola**, Programmes & Outreach Officer (sbola@cepr.org), unless stated otherwise (for example in relation to a specific conference or training school).

2. RECENT EVENTS

Information on the Network's recent conferences and training schools is given below. Feedback from the training schools can be found in [Section 6](#) at the end of this report.

CONFERENCES

RECENT DEVELOPMENTS IN MONETARY POLICY RESEARCH

BANQUE DE FRANCE

PARIS, 4-5 MAY 2017

The Banque de France and the EABCN organised a scientific conference dealing with theoretical and empirical advances in monetary policy research. Conference topics included:

- Quantitative easing policies: effectiveness on inflation and economic activity, financial markets, the banking and insurance systems and their role in the future conduct of monetary policy
- The role and limits of (international) safe asset provision by central banks
- The interaction between monetary policy decisions and supervisory/regulatory functions allocated to central banks
- Cost and benefits of negative interest rates
- Monetary policy design in the presence of heterogeneity

Speakers included **Emmanuel Farhi** (Harvard University and CEPR) and **Michael Woodford** (Columbia University and CEPR). The programme for the conference can be found at the end of this report.

Applications: 137: Attendees: 26

TIME-VARYING MODELS FOR MONETARY POLICY AND FINANCIAL STABILITY

EUROPEAN UNIVERSITY INSTITUTE

FLORENCE, 8-9 JUNE 2017

The conference covered a broad range of themes related to econometric models with parameter time-variation. A special emphasis was placed on methodological, theoretical and empirical aspects and on their relevance for economic policy making, for monetary policy and financial stability. Topics covered by the conference included:

- Modelling volatility

- Time variation in large models
- DSGE models with parameter time variation
- Economic policy evaluation in unstable environments
- Assessing the effects of unconventional monetary policy
- Modelling macro-prudential policy and evaluating its effects

Speakers included **Wouter Den Haan** (London School of Economics and CEPR), **Jesper Lindé** (Sveriges Riksbank and CEPR), **Junior Maih** (Norges Bank) and **Dan Waggoner** (Atlanta FED). The programme for the conference can be found at the end of this report.

Applications: 87: attendees: 56

TRAINING SCHOOLS

MICRO-STRUCTURE OF TRADE: THEORY AND EVIDENCE

EUROPEAN UNIVERSITY INSTITUTE

FLORENCE, 19-21 SEPTEMBER 2016

The 25th EABCN training school was a three-day course on “Micro-structure of Trade: Theory and Evidence”, taught by Professor **Marc J. Melitz** (Harvard University). It surveyed the newer empirical literature based on firm-level studies of trade, and developed the analytical framework for general equilibrium models of trade with heterogeneous producers. The lectures then covered applications (both theoretical and empirical) of these models to different subfields of international economics.

Applications: 45: Attendees: 38

MONETARY POLICY: AN IMPERFECT KNOWLEDGE PERSPECTIVE

UNIVERSITY OF MANNHEIM

MANNHEIM, 3-5 APRIL 2017

The 26th EABCN training school was a three-day course on 'Monetary Policy: An Imperfect Knowledge Perspective' taught by **Professor Bruce Preston** (University of Melbourne). Using a New Keynesian model with learning dynamics, this course built an analytical framework for monetary policy evaluation that is consistent with the pervasive evidence of low-frequency variation in macroeconomic data. The consequences of such belief structures for monetary policy design were then explored.

Applications: 33: Attendees: 30

3. FUTURE EVENTS

The Network is planning one conference and three training schools for the 2017-2018 period. It will also contribute towards the 10th IRFMP as detailed below. The busier programme has been made possible by lower than expected costs for the 2016-17 period. Further details for future events are to be confirmed and will be available on the EABCN website in due course.

CONFERENCES

INTERNATIONAL RESEARCH FORUM ON MONETARY POLICY

FEDERAL RESERVE BANK

WASHINGTON, 23-24 MARCH 2018

The **tenth** conference organised by the International Research Forum on Monetary Policy (IRFMP) will be held at the Federal Reserve Bank in Washington, in March 2018. The Forum is sponsored by the Euro Area Business Cycle Network (EABCN), the European Central Bank (ECB), the Federal Reserve Board (FRB), and the Georgetown Centre for Economic Research (GCER) at Georgetown University.

MEASURING THE EFFECTS OF UNCONVENTIONAL MONETARY POLICY IN THE DATA: WHAT HAVE WE LEARNED? (PROVISIONAL)

BARCELONA

MARCH/APRIL 2018 (TBC)

TRAINING SCHOOLS

PRACTICAL DSGE MODELS

DEUTSCHE BUNDESBANK

FRANKFURT, 13-15 SEPTEMBER 2017

The 27th EABCN training school will be a three-day course on 'Practical DSGE Models' taught by Professor **Fabio Canova** (EUI and CEPR). Most DSGE models used by policy institutions are generally of large scale and little attention is generally paid to issues such as model mis-specification, model evaluation, model reduction and re-specification. This training school will offer ideas as to how one can address these all these issues in a unified way and make economic analyses more robust.

OIL AND THE MACROECONOMY

EUROPEAN UNIVERSITY INSTITUTE

FLORENCE, MAY 28-30, 2018

This course will be taught by Professor **Lutz Kilian** (University of Michigan), a world-renown researcher on oil prices. His recent research is concerned with the sources of fluctuations in the price of oil, with the transmission of oil price shocks, with the role of speculation in oil markets, with measuring oil price expectations in financial markets, and with oil price forecasting. This training school will offer an overview on the recent research on the topic and ideas for future research.

HETEROGENEOUS AGENT MODELS IN CONTINUOUS TIME WITH MONETARY POLICY APPLICATIONS

UNIVERSITY OF MANNHEIM

MANNHEIM, 4-6 JUNE 2018

This summer training school will be taught by Professor **Benjamin Moll** (Princeton University). It will cover new efficient methods for incorporating agent heterogeneity into DSGE models. These richer models allow the addressing of distributional consequences of both monetary and other policy decisions, and provide new perspectives on channels that contribute to the transmission of monetary impulses.

ADDITIONAL EVENTS

ANNUAL EABCN STEERING COMMITTEE MEETING

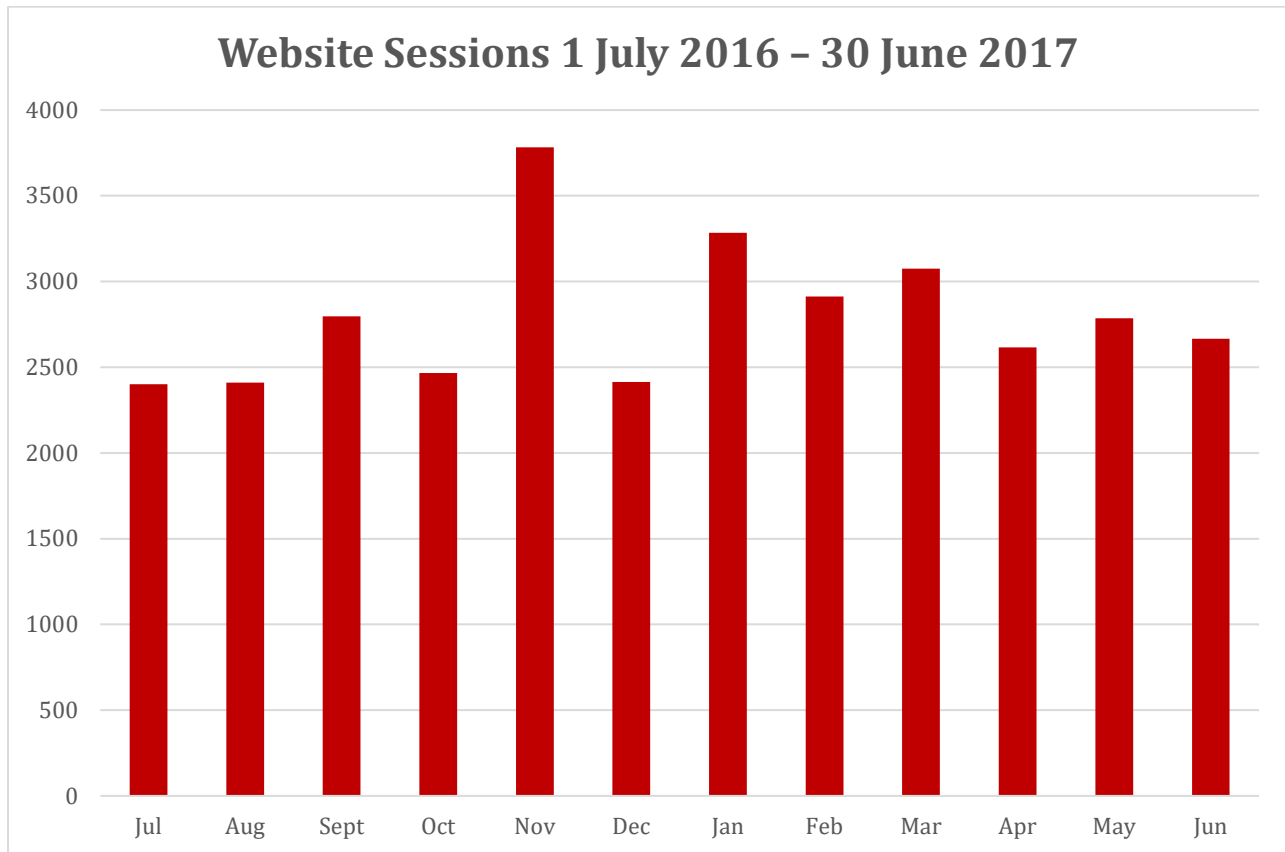
EUROPEAN CENTRAL BANK,

FRANKFURT, 8 SEPTEMBER 2017

The annual Steering Committee for the EABCN network will be held at the ECB this year. Institutional members will discuss the previous year's activities and how to move forward in the next year.

5. EABCN WEBSITE

Since the major overhaul of the website in 2015, traffic has steadily increased. The rebuild made for a much cleaner and more robust system which has had good feedback. Below is provided some data on visits to the website. The data is gathered from EABCN's Google Analytics account and represent the period 1 July 2016 – 30 June 2017.



One 'session' is recorded as someone visiting the website regardless of the number of pages they view:

Total sessions 2016-17: 33,614 ↑

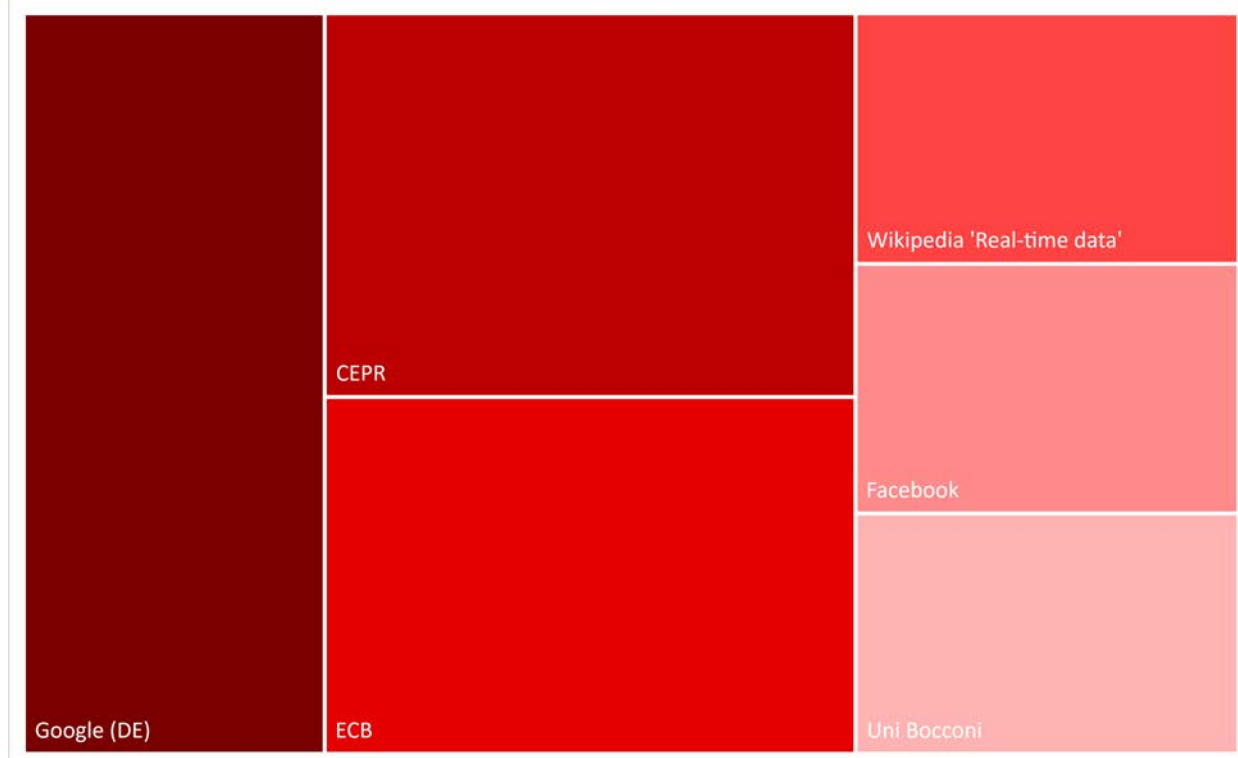
Total sessions 2015-16: 28,448

The total number of sessions compared to last year has increased by nearly 20%, proving the website to be a useful and good investment.

Key statistics

- Average visit length: 1 minute, 10 seconds
- Average pages per visit: 1.80
- Total visits: 33,614

Sources of traffic for EABCN website



This diagram represents the top six sources of traffic for the EABCN website. The big sources remain similar to last year: Google, CEPR and the ECB. Facebook is still the preferred social media programme over Twitter.

Facebook

During the previous Steering Committee Meeting in 2016, it was agreed that EABCN would create a Facebook during the reporting year. As it is now active, it can be used to disseminate news and events once the information is made available.

Feedback for the website from training schools can be found in sections 6.1 and 6.2 below.

6. FEEDBACK ON TRAINING SCHOOLS

MICRO-STRUCTURE OF TRADE – FLORENCE, SEPTEMBER 2016

Training School	Excellent	Good	Fair	Poor	Very poor	Total
Pre-meeting organisation	12	12	3			27
Local information provided	14	13	3			27
Meeting venue	21	6				27
Accommodation	10	7	2	2	6	20
Meals provided	13	9	5			26
Local organisation	17	9			1	27
Overall	15	12				27

Course Material	Very high	High	Neutral	Low	Very low	N/A	Total
Relevance of the course content to your personal needs	10	26	3				27
Awareness of academic level of the course	12	12	1				25
Awareness of the contents of the course	12	10	3				25
Lecturer's expertise	24	1					25

What further features would you like to see included in future EABCN training schools?

Please comment.

More group exercises

TA classes

More activities outside the university so the local area can be explored

Provide the email addresses of other participants

More programming classes

What subject areas do you think should be covered in the future in these training schools?

Applications – for example exercises or computer simulations

Inequality

Productivity

Global imbalance
 Secular stagnation
 Exchange-rate pass-through
 Aggregate productivity dynamics along business cycle
 Solution of DSGE models with heterogeneous agents
 Fiscal/monetary policy interactions
 Cross-border financial flows
 External sustainability
 Current account dynamics
 R&D models

Website

Did you use the website created for this meeting?	
Yes	16
No	11

Did you receive sufficient information about the contents of the event from the EABCN website?	
Yes	23
No	2

Please use the space below for any comments regarding the website

Would have been useful to have a PDF drop in an e-mail as security prevented access.

After the training school	Very high	High	Neutral	Low	Very low	N/A	Total
Likelihood of using the course material in the future	13	12	2				27
Likelihood of attending further training schools	13	11	3				27
Likelihood of attending other EABCN events	11	12	3	1			27

If you have selected "Neutral" or lower to any part of the above, please comment on your reasons to help us improve

The course material was not related to one's specific job – although this was known beforehand.

If there is anything else you would like to comment on, please do so below

Would be better if the events were more frequent

Would be better if the events were more condensed so they would be a shorter duration

Would be better if there were less attendees

More PC classes related to the data

Please rank the following items by how useful they were to you	1	2	3	Average	Ranking
Networking	6	6	9	2.1	3 rd
Course material	11	4	6	1.8	1 st
Knowledge exchange with peers and lecturer	5	10	6	2	2 nd

MONETARY POLICY – MANNHEIM, APRIL 2017

Training School	Excellent	Good	Fair	Poor	Very poor	Total
Pre-meeting organisation	10	10	1			21
Local information provided	11	8	1		1	21
Meeting venue	13	6	2			21
Accommodation	3	13	2	1	2	21
Meals provided	7	12	2	1		21
Local organisation	9	11		1		21
Overall	9	11				20

Course Material	Very high	High	Neutral	Low	Very low	N/A	Total
Relevance of the course content to your personal needs	7	11	3				21
Awareness of academic level of the course	8	10	2				20
Awareness of the contents of the course	6	9	2	1			18
Lecturer's expertise	18	3					21
Quality of TA Sessions	3	3	6				12

What further features would you like to see included in future EABCN training schools? Please comment.

Providing sources of information to read to allow those not as knowledgeable in certain course material areas to catch up

What subject areas do you think should be covered in the future in these training schools?

Bayesian econometrics with math sessions
 Software training
 Sovereign debt and default
 Austerity in Europe
 Bayesian DSGE modelling
 Modelling of unconventional monetary policies
 Estimation of time – varying parameter models

Website

Did you use the website created for this meeting?	
Yes	16
No	4

Did you receive sufficient information about the contents of the event from the EABCN website?	
Yes	19
No	0

Please use the space below for any comments regarding the website

Would have been useful if all the course material was uploaded to the website

Would have been helpful to have more details – for example the syllabus, sessions etc.

After the training school	Very high	High	Neutral	Low	Very low	N/A	Total
Likelihood of using the course material in the future	7	12	1				21
Likelihood of attending further training schools	10	10	1				21
Likelihood of attending other EABCN events	8	11	2				21

If you have selected "Neutral" or lower to any part of the above, please comment on your reasons to help us improve

Would have been better if things were prepared in advanced – for example printed lecture notes, MATLAB installed on laptops.

If there is anything else you would like to comment on, please do so below

Would have been better if the organisers introduced themselves at the beginning and provided their availability for questions or requests

Please rank the following items by how useful they were to you	1	2	3	Average	Ranking
Networking	1	2	11	2.7	3 rd
Course material	12	1	2	1.3	1 st
Knowledge exchange with peers and lecturer	2	11	2	2	2 nd