

You are kindly invited to attend the Joint Macroeconomic Seminar

by

**Francesco Bianchi** (Duke University, CEPR and NBER)

on

**Monetary Policy and Asset Valuation**

(co-authored with Martin Lettau and Sydney C. Ludvigson)

**Abstract**

This paper presents evidence of infrequent shifts, or "breaks", in the mean of the consumption-wealth variable  $cay_t$  that are strongly associated with fluctuations in the long-run expected value of the Federal Reserve's primary policy rate, with low policy rates associated with high asset valuations, and vice versa. By contrast, there is no evidence that infrequent shifts to high asset valuations and low policy rates are associated with higher expected economic growth or lower economic uncertainty; indeed the opposite is true. Additional evidence supports a "reaching for yield" channel, wherein low interest rate regimes coincide with low equity market risk premia.

The seminar will take place on **Wednesday, 30 May from 14:30 until 16:00** in the Auditorium of the National Bank of Belgium (**Room A1**), entrance: rue Montagne aux Herbes potagères 61, Brussels.

**Please reply by email to [nbbmacro.seminar@nbb.be](mailto:nbbmacro.seminar@nbb.be) if you wish to participate to this seminar or if you want to have an appointment with the speakers.** In case you want to access the NBB Parking (rue Montagne aux Herbes potagères 41), please also provide us with your name and the license plate of your car.

Kind regards,

R. Kollmann (ULB), F. De Graeve (KU Leuven), L. Pensirosso (UCL) and R. Wouters (NBB)