You are kindly invited to attend a Joint Seminar of the National Bank of Belgium, CES-KUL, Ecares-ULB and UCL by

Ferre De Graeve (Sveriges Riksbank)

on

Identifying Fiscal Inflation
(with Virginia Queijo von Heideken)

Abstract

Fiscal theorists warn about the risk of future inflation as a consequence of current fiscal imbalances in the US. Because actual inflation remains historically low and data on inflation expectations do not corroborate such risks, warnings for fiscal inflation are often ignored in policy and academic circles. This paper shows that a canonical NK-DSGE model enables identifying an anticipated component of inflation expectations that is closely related to fiscal policy. Estimation results suggest that fiscal inflation concerns have induced a 1.6%-points increase in long-run inflation since 2001. The model also rationalizes why data on inflation expectations do not reveal such concerns outright.

The seminar will take place on Friday, 29 November 2013 from 12:00 until 14:00. The seminar will be held in the Auditorium of the National Bank of Belgium (Room A1), Entrance: Warmoesberg 61, Brussels.

To start the seminar we offer you a sandwich lunch from 12:00 to 12:30.

Please reply by email to nbb.seminars@nbb.be if you wish to participate to this seminar. With name and car plate number to access the NBB Parking Warmoesberg 41.

Kind regards,
H. Dewachter (NBB-KUL), R. Kollmann (ULB), V. Lewis (KUL), L. Pensieroso (UCL) and R. Wouters (NBB)