

2ND ECONOMIC MODELLING IN POLICY INSTITUTIONS

ESM WORKSHOP

04-05 July 2024

**Venue: European Stability Mechanism,
6a Circuit de la Foire Internationale, L-1347 Luxembourg**

The European Stability Mechanism organises its second “Economic Modelling in Policy Institutions Workshop” (ESMMPI). The workshop aims to bring together policymakers, economists, and researchers to explore the latest economic and financial modelling advancements and foster intellectual exchange about models’ limitations and uncertainties.

Workshop Agenda:

DAY 1: JULY 4, 2024

08:30 – 09:00: Welcome Breakfast

09:00 – 09:15: Opening Remarks and Introduction by **Pierre Gramegna (ESM Managing Director)**

- 09:15 – 10:15: Keynote Speech by **Marco Del Negro (FED)** – “The Financial (In)Stability Real Interest Rate, r^{**} ”

10:15 – 10:30: Coffee Break

Session 1: Fiscal and monetary policies interaction – Chair by Robert Blotevogel (ESM)

- 10:30 – 11:10: Presentation 1: “Federal Unemployment Reinsurance and Local Labor-Market Policies” - **Keith Küster (University of Bonn)**
 - Discussant: **Matija Lozej (CBI)**
- 11:10 – 11:50: Presentation 2: “The implications of public investment for debt sustainability” - **Gergo Motyovszki (EC)**
 - Discussant: **Radek Sauer (CBI)**
- 11:50 – 12:30: Presentation 3: “Fiscal backing, inflation and US business cycles” - **Raf Wouters (NBB)**
 - Discussant: **Ferre De Graeve (KU Leuven)**

12:30 – 14:00: Lunch Break

- 14:00 – 15:00: Keynote Speech by **Marie Hoerova (ECB)** – “Financial fragility in non-banks: The role of ownership base and lender of last resort interventions”

15:00 - 15:15: Coffee Break

Session 2: The financial stability implications of the fragmentation – Chair by Juan Sole (ESM)

- 15:15 – 15:55: Presentation 4: “Original sin redux: a model-based evaluation” - **Nikhil Patel (IMF)**
 - Discussant: **Paolo Pasimeni (EC)**
- 15:55 – 16:35: Presentation 5: “Non-bank financial intermediaries and euro area fragmentation” - **Georgios Georgiadis (ECB)**
 - Discussant: **Juan Sole (ESM)**
- 16:35 – 17:15: Presentation 6: “Fiscal Fatigue and Sovereign Credit Spreads” - **Kevin Pallara (Bdl)**
 - Discussant: **Daniel Monteiro (EC)**

17:15– 17:30: Wrap-up by **Rolf Strauch (ESM Chief Economist)**

19:30: **Dinner** at “Restaurant SixSeven”, **Location:** 103 Grand-Rue, 1660 Ville-Haute Luxembourg, Luxembourg. [Google Map link](#)

DAY 2: JULY 5, 2024

08:30 – 09:00: Breakfast

- 09:00 – 10:00: Keynote speech by
 - **Marco Ratto (EC)** – “Assessing Crises with Macro-Models: Challenges, Lessons Learnt, and Future Directions”
- 10:00-10:30: **Policy Modelling Application - Cristina Fuentes Albero (FED)** – “Endogenous Labor Supply in an Estimated New-Keynesian Model: Nominal versus Real Rigidities”

10:30 – 10:40: Coffee Break

Session 3: Unpacking demographic trend and natural interest rate – Chair by Pilar Castrillo (ESM)

- 10:40 – 11:20: Presentation 7: “The Natural Rate of Interest in the Euro Area: Evidence from Inflation-Indexed Bonds” - **Sarah Mouabbi (BdF)**
 - Discussant: **Andreea Liliana Vladu (ECB)**
- 11:20 – 12:00: Presentation 8: “Population aging, relative prices and capital flows across the globe.” - **Andrea Papetti (Bdl)**
 - Discussant: **Nicolò Bandera (BoE)**
- 12:00 – 12:40: Presentation 9: “Life-cycle forces make monetary policy transmission wealth-centric” - **Tim Willems (BoE)**
 - Discussant: **Christos Koulovatianos (UniLu)**
- 12:40 – 13:45: Wrap-up followed by Farewell lunch.