GEORG-AUGUST-UNIVERSITÄT
GÖTTINGEN

Faculty of Economic Sciences
Chair of International Economic Policy
Prof. Agnieszka Gehringer, PhD

Master Seminar

"Current developments in central banking and capital markets"

Summer term 2023

Suggested topics and literature

In confirming your participation to the seminar (via email at: agehrin@uni-goettingen.de), please indicate either **three seminar subjects** (chosen from the list below) listed from the most to the least preferred, or your **own suggestion** of a subject related to the seminar. Your own suggestion should sufficiently differ from the topics listed below. If instead it happens to be only a slight modification of one of the listed topics, please additionally indicate two other topics of your choice in the descending preference order.

Consider that the literature listed below is indicative and does not necessarily need to be included in your paper. However, it is supposed to be helpful in directing your research efforts.

1. How effective have been unconventional monetary policies of the major central banks in reloading economic growth after the Great Financial Crisis? [In the paper, the focus can be put on one of the central banks.]

Suggested literature:

Acharya, V. V., Eisert, T., Eufinger, C. and Hirsch, C. (2019), "Whatever it takes: The real effects of unconventional monetary policy", *The Review of Financial Studies*, *32*(9), 3366-3411.

Borio, C. and Zabai, A. (2016), "Unconventional monetary policies: A re-appraisal", BIS Working Paper No. 570.

Gehringer, A. and Mayer, T. (2017), "It's the WACC, stupid!", Flossbach von Storch Research Institute, Economic Policy Note 14/02/2017, available at: http://www.fvs-ri.com/files/its_the_wacc_stupid.pdf .

Luck, S. and Zimmermann, T. (2020), "Employment effects of unconventional monetary policy: Evidence from QE", *Journal of Financial Economics*, *135*(3), 678-703.

2. Does loose monetary policy drive instability?

Suggested literature:

Claeys, G. and Darvas, Z.M. (2015), "The financial stability risks of ultra-loose monetary policy, Bruegel Policy Contribution, No. 2015/03, Bruegel, Brussels.

Greenwood, R., Hanson, S.G., Shleifer, A. and Sørensen, J.A. (2022), "Predictable financial crises", *Journal of Finance* 77(2): 863–921.

Grimm, M., Jordà, O., Schularick, M. and Taylor, A.M. (2023), "Loose monetary policy and financial instability", NBER Working Paper No. 30958.

Jordà, O., Schularick, M. and Taylor, A.M. (2013), "When credit bites back", *Journal of Money, Credit and Banking* 45(s2): 3–28.

Macchiarelli, C. and Gerba, E. (2015), "Financial (in) stability low interest rates and (un) conventional monetary policy", European Parliament, Directorate General for Internal Policies, Monetary Dialogue.

Taylor, J.B. (2011), "Macroeconomic lessons from the Great Deviation", NBER Macroeconomics Annual 25: 387–395.

3. Inflation and prices of assets?

Suggested literature:

Cieślak, A. and Pflueger, C. (2023), "Inflation and asset returns", NBER Working Paper No. 30982.

Leombroni, M., Piazzesi, M., Schneider, M. and Rogers, C. (2020), "",NBER Working Paper No. 26740.

Plueger, C. (2023), "Back to the 1980s or not? The drivers of inflation and real risks in Treasury Bills", NBER Working Paper No. 30921.

Salisu, A.A., Raheem, I.D. and Ndako, U.B. (2020), "", *Resources Policy*, 66, 101605.

4. Each banking crisis is different, isn't it?

Suggested literature:

Aldasoro, I., Borio, C.E. and Drehmann, M. (2018), "Early warning indicators of banking crises: expanding the family", BIS Quarterly Review, March.

Beutel, J., List, S. and von Schweinitz, G. (2019), "Does machine learning help us predict banking crises?", *Journal of Financial Stability* 45, 100693.

Bordo, M. D., Redish, A. and Rockoff, H. (2015), "Why didn't Canada have a banking crisis in 2008 (or in 1930, or 1907, or…)?", *The Economic History Review* 68(1), 218-243.

Dell'Ariccia, G., Detragiache, E., and Rajan, R. (2008), "The real effect of banking crises", *Journal of Financial Intermediation* 17(1), 89-112.

Demirgüç-Kunt, A., Pedraza, A. and Ruiz-Ortega, C. (2021), "Banking sector performance during the COVID-19 crisis", *Journal of Banking & Finance* 133, 106305.

Laeven, L. and Valencia, F. (2020), "Systemic banking crises database II", *IMF Economic Review* 68, 307-361.

5. Does monetary policy influence bank profitability?

Suggested literature:

Borio, C., Gambacorta, L. and Hofmann, B. (2017), "The influence of monetary policy on bank profitability", *International Finance*, 20(1): 48-63.

Eggertsson, G. B., Juelsrud, R. E., Summers, L. H. and Wold, E. G. (2019), "Negative nominal interest rates and the bank lending channel", (No. w25416), National Bureau of Economic Research.

Ferrante, F. (2019), "Risky lending, bank leverage and unconventional monetary policy", *Journal of Monetary Economics*, *101*, 100-127.

Gehringer, A. (2016), "Non-performing loans were not built in a day", FvS Research Institute, Economic Policy Note 28/10/2016, available at: http://www.fvs-ri.com/files/16.10.28_non-performing_loans.pdf.

Lambert, F. and Ueda, K. (2014), "The effects of unconventional monetary policies on bank soundness", IMF Working Paper WP/14/152.

6. US dollar dominance

Suggested literature:

Ahmed, R., Aizenman, J., Saadaoui, J. and Uddin, G.S. (2023), "On the effectiveness of foreign exchange reserves during the 2021-22 U.S. monetary tightening cycle", NBER Working Paper No. 30935.

Arslanalp, S., Eichengreen, B.J. and Simpson-Bell, C. (2022), "The stealth erosion of dollar dominance: Active diversifiers and the rise of nontraditional reserve currencies", International Monetary Fund WP/22/58.

Bertaut, C., von Beschwitz, B. and Curcuru, S. (2021), "The international role of the U.S. dollar", FEDS Notes, October 6, 2021.

Gourinchas, P-O. (2019), "The dollar hegemon? Evidence and implications for policymakers", The Asian Monetary Policy Forum, pp. 264-300.

Obstfeld, M. and Zhou, H. (2023), "The global dollar cycle", NBER Working Paper No. 31004.

Prasad, E. (2019), " Has the dollar lost ground as the dominant international currency? Cornell University and Brooking Institution mimeo.

7. Is there a global financial cycle?

Suggested literature:

Boehm, C.E. and Kroner, N.T. (2023), "The US, economic news, and the global financial cycle", NBER Working Paper No. 30994.

Cerutti, E., Claessens, S. and Rose, A. K. (2019), "How important is the global financial cycle? Evidence from capital flows", *IMF Economic Review*, *67*(1), 24-60.

Goldberg, L.S. and Krogstrup, S. (2023), „International capital flow pressures and global factors", NBER Working Paper No. 30887.

Han, X. and Wei, S-J. (2018), "International transmissions of monetary shocks: between a trilemma and a dilemma", *Journal of International Economics*, 110, 205-219.

Jordà, Ò., Schularick, M., Taylor, A. M. and Ward, F. (2019), "Global financial cycles and risk premiums", *IMF Economic Review*, *67*(1), 109-150.

Rey, H. (2013), "Dilemma not trilemma: the global financial cycle and monetary independence", Proceedings of the 2013 Federal Reserve Bank of Kansas City Economic Symposium at Jackson Hole, pp. 285-333.

8. Credit boom-bust cycles and their economic implications

Suggested literature:

Adrian, T., Grinberg, F., Liang, N. and Malik, S. (2018), "The term structure of growth-at-risk", IMF Working Papers 18(180).

Battiati, C. (2019), "R&D, growth, and macroprudential policy in an economy undergoing boom-bust cycles", *Journal of Macroeconomics*, *59*, 299-324.

Gordon, G. and Ordonez, G. (2016), "Good booms, bad booms", NBER Working Paper No. 22008.

Lombardi, M.J., Mohanty, M. and Shim, I. (2017), "The real effects of household debt in the short and long run", BIS Working Papers No. 607.

Männasoo, K. and Meriküll, J. (2020), "Credit constraints and R&D over the boom and bust: Firm-level evidence from Central and Eastern Europe", *Economic Systems* 44(2), 100747.

9. Active versus passive investment strategy and market outperformance

Suggested literature:

Anderson, C. (2017), "The passive vs. active conundrum: a new perspective on the arithmetic of index investing", Christopher Edward Anderson, Working Paper, *mimeo*.

Cremers, M., Ferreira, M. A., Matos, P. and Starks, L. (2016), "Indexing and active fund management: international evidence", *Journal of Financial Economics*, 102(3), 539-560.

Cremers, M. and Pareek, A. (2016), "Patient capital outperformance: the investment skill of high active share managers who trade infrequently", *Journal of Financial Economics*, 122(2), 288-306.

Gehringer, A. and Lehmann, K. (2023), "Active versus passive: In the bond universe", *Journal of Beta Investment Strategies*, forthcoming.

Gehringer, A. and Lehmann, K. (2018), "Active versus passive: What really matters for bonds", Flossbach von Storch Research Institute, Society & Finance No. 27/12/2018.

Gehringer, A. and Lehmann, K. (2017), "Abseits des Zufalls", Flossbach von Storch Research Institute, Marktverhalten No. 21/9/2017, available at: http://www.fvs-ri.com/files/17.09.21_abseits_des_zufalls.pdf.