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| |  |  |  |  |  | | --- | --- | --- | --- | --- | | |  |  | | --- | --- | |  | | | **February 2025**  DNB Research Newsletter |  | | | |  | | --- | | Research highlights |   **1. A Structural Investigation of Quantitative Easing**  Large-scale asset purchases have been the marginal policy tool to steer the monetary stance in many developed countries during the period when the effective lower bound (ELB) on the policy rate was binding. In a recently published article in the Review of Economics and Statistics, Gavin Goy and his co-authors investigate the effects of the Federal Reserve’s quantitative easing program in an estimated structural model that explicitly accounts for the ELB as an occasionally binding constraint. While QE is found to have raised aggregate activity, the authors uncover a new channel through which the Fed’s unconventional monetary policy measures may have actually lowered inflation. [**[Read more]**](#StructuralInvestigation)  **2. Fiscal Policy and Inflation in the Euro Area**  In a recent DNB working paper, Guido Ascari, Dennis Bonam, Lorenzo Mori, and Andra Smadu investigate the relationship between fiscal policy and inflation dynamics in the Euro Area, with a focus on the post-pandemic inflation surge. Using a Bayesian vector autoregression model identified via sign restrictions, they disentangle the effects of various demand- and supply-side shocks, including fiscal policy, on inflation. [**[Read more]**](#FiscalPolicy)  **3. Climate-Linked Bonds**  In this paper, Dirk Broeders, Daniel Dimitrov and Niek Verhoeven examine an innovative financial tool designed to address the growing challenges of climate change. [[**Read more**]](#ClimateBonds)  **4. DNB Annual Research Conference**  The 27th Annual Research Conference of the Dutch Central Bank took place in Amsterdam on 21 and 22 of November, 2024. Rising political tensions worldwide are gradually reshaping the global economic order, with geopolitical uncertainty impacting policy decisions and economic performance. This edition of the conference brought together scholars, researchers and policymakers to discuss the potential implications of an intensification in (geo-)economic and financial fragmentation for international trade, production networks, payment systems, asset prices, cross-border investments, migration, technological progress and the international monetary system. [[**Read more**]](#ARC)  **5. 3rd XAmsterdam Macroeconomic Workshop**  The 3rd edition of the XAmsterdam Macroeconomic workshop took place on December 19 and 20, at the Tinbergen Institute in Amsterdam. [[**Read more**]](#XAmsterdam)     |  | | --- | | Publications (since October 2024) |   **Working Papers**  [827 - Untangling Illiquidity: Optimal Asset Allocation with Private Asset Classes](https://www.dnb.nl/en/publications/research-publications/working-paper-2025/827-untangling-illiquidity-optimal-asset-allocation-with-private-asset-classes/) Daniel Dimitrov  [826 - Quantitative easing and preferred habitat investors in the euro area bond market](https://www.dnb.nl/en/publications/research-publications/working-paper-2025/826-quantitative-easing-and-preferred-habitat-investors-in-the-euro-area-bond-market/) Martijn Boermans, Tomás Carrera de Souza, Robert Vermeulen  [825 - Consumption insurance and credit shocks](https://www.dnb.nl/en/publications/research-publications/working-paper-2025/825-consumption-insurance-and-credit-shocks/)  Stefan Wöhrmüller  [824 - Residual Mortgage Debt, Insurance, and Defaults in the Netherlands](https://www.dnb.nl/en/publications/research-publications/working-paper-2024/824-residual-mortgage-debt-insurance-and-defaults-in-the-netherlands/)  Madi Mangan, Mauro Mastrogiacomo, Hans Bloemen  [823 - Residual-debt insurance and mortgage repayments](https://www.dnb.nl/en/publications/research-publications/working-paper-2024/823-residual-debt-insurance-and-mortgage-repayments/)  Yeorim Kim, Mauro Mastrogiacomo  [822 - Large pension funds do not invest more effectively than smaller pension funds](https://www.dnb.nl/en/publications/research-publications/working-paper-2024/822-large-pension-funds-do-not-invest-more-effectively-than-smaller-pension-funds/)  Jacob Bikker, Jeroen Meringa  [821 - Uncovering the Effects of Government Spending through Tax Foresight](https://www.dnb.nl/en/publications/research-publications/working-paper-2024/821-uncovering-the-effects-of-government-spending-through-tax-foresight/)  Guido Ascari, Anna Florio, Alessandro Gobbi  [820 - Fiscal Policy and Inflation in the Euro Area](https://www.dnb.nl/en/publications/research-publications/working-paper-2024/820-fiscal-policy-and-inflation-in-the-euro-area/)  Guido Ascari, Dennis Bonam, Lorenzo Mori, Andra Smadu  [819 - DFROG: A nowcasting model for GDP growth](https://www.dnb.nl/en/publications/research-publications/working-paper-2024/819-dfrog-a-nowcasting-model-for-gdp-growth/)  Dorinth van Dijk, Mick van Rooijen, Jasper de Winter  [818 - Scenario discovery to address deep uncertainty in monetary policy](https://www.dnb.nl/en/publications/research-publications/working-paper-2024/818-scenario-discovery-to-address-deep-uncertainty-in-monetary-policy/)  Chamon Wieles, Jan Kwakkel, Willem L. Auping, Jan Willem van den End  [817 - Climate-Linked Bonds](https://www.dnb.nl/en/publications/research-publications/working-paper-2024/817-climate-linked-bonds/)  Dirk Broeders, Daniel Dimitrov, Niek Verhoeven  [816 - Green Transition in the Euro Area: Domestic and Global Factors](https://www.dnb.nl/en/publications/research-publications/working-paper-2024/816-green-transition-in-the-euro-area-domestic-and-global-factors/)  Pablo Garcia, Pascal Jacquinot, Črt Lenarčič, Kostas Mavromatis, Niki Papadopoulou  **DNB Analyses**  [A look at post-retirement income](https://www.dnb.nl/en/publications/research-publications/analysis/a-look-at-post-retirement-income/)  Cindy Biesenbeek, Jim Been, Koen Caminada, Kees Goudswaard, Marike Knoef  **Published journal articles**  [The effect of unemployment, housing tenure and commuting distance on interregional migration in the Netherlands](https://www.tandfonline.com/doi/full/10.1080/00343404.2024.2442500)  Cindy Biesenbeek  Regional Studies (2025), 1–14.  [Consumer participation in the credit market during the COVID-19 pandemic and beyond](https://academic.oup.com/oep/article/77/1/119/7676156) Evangelos Charalambakis, Federica Teppa, Athanasios Tsiortas Oxford Economic Papers, 77(1), 119–143.  [Inflation expectations anchoring: new insights from micro evidence of a survey at high-frequency and of distributions](https://www.ijcb.org/journal/ijcb25q1a4.pdf) Gabriele Galati, Nikos Apokoritis and Richhild Moessner International Journal of Central Banking 21.1 (2025): 201-234  [The association of high perceived inflation with trust in national politics and central banks](https://www.sciencedirect.com/science/article/pii/S0378426624002826)  Carin van der Cruijsen, Jakob de Haan and Maarten van Rooij  Journal of Banking and Finance, 171, 107368  [Market forces in healthcare insurance: the impact of healthcare reform on regulated competition revisited](https://onlinelibrary.wiley.com/doi/10.1002/ijfe.2875?msockid=1e07400802cc640e051e550b039c6545) Jacob Bikker and Jack Bekooij International Journal of Finance and Economics, 2024, 29 (4), 4303–4318.  [Should developed economies manage international capital flows?](https://onlinelibrary.wiley.com/doi/10.1111/obes.12628?msockid=1e07400802cc640e051e550b039c6545) Dennis Bonam, Gavin Goy and Emmanuel de Veirman Oxford Bulletin of Economics and Statistics, 86(6), 1511-1538.  [A structural investigation of quantitative easing](https://direct.mit.edu/rest/article/106/4/1028/111190/A-Structural-Investigation-of-Quantitative-Easing) Gregor Boehl, Gavin Goy and Felix Strobel Review of Economics and Statistics, 2024, 106(4), 1028-1044  [Borrower based measures, House Prices, and Household Debt](https://www.sciencedirect.com/science/article/pii/S026156062400038X) Francesco Caloia Journal of International Money and Finance, 2024, 143, 103051  [Lessons from low interest rate policy: how did euro area banks respond?](https://www.sciencedirect.com/science/article/pii/S0261560624001098) Jorien Freriks and Jan Kakes Journal of International Money and Finance, 2024, 103122.  [Central Bank Communication with the General Public: Promise or False Hope?](https://www.aeaweb.org/articles?id=10.1257/jel.20231683) Alan S. Blinder, Michael Ehrmann, Jakob de Haan and David-Jan Jansen.  Journal of Economic Literature, 2024, 62 (2): 425–57  [Flood risk and climate change: A disconnect between homeowners' awareness and mitigating actions?](https://www.sciencedirect.com/science/article/pii/S2212096324000330) David-Jan Jansen Climate Risk Management, 2024*,*44, 100616.  [The volatility of capital flows in emerging markets: Measures and determinants](https://www.sciencedirect.com/science/article/pii/S0261560624000822) Maria Sole Pagliari and Swarnali Ahmed Hannan Journal of International Money and Finance, 2024, 103095.  [The international impact of a fragile EMU](https://www.sciencedirect.com/science/article/pii/S0014292123002751) Demosthenes Ioannou, Maria Sole Pagliari and Livio Stracca European Economic Review, 2024, 161, 104647.  [Uncovering the digital payment divide: understanding the importance of cash for groups at risk](https://onlinelibrary.wiley.com/doi/10.1111/joca.12591)  Carin van der Cruijsen and Jelmer Reijerink Journal of Consumer Affairs, 2024, 58(2), 486-505  **Forthcoming journal articles**  [Recourse and (strategic) mortgage defaults: Evidence from changes in housing market laws](https://www.sciencedirect.com/science/article/pii/S0014292125000042) Alin Andries, Anca Copaciu, Radu Popa and Razvan Vlahu European Economic Review  [Fearless woman: Financial literacy, confidence, and stock market participation](https://pubsonline.informs.org/doi/pdf/10.1287/mnsc.2023.00425) Tabea Bucher-Koenen, Rob Alessie, Annamaria Lusardi and Maarten van Rooij Management Science  [Financial literacy in the DNB Household Survey: Insights from innovative data collection](https://www.cambridge.org/core/journals/journal-of-financial-literacy-and-wellbeing/article/financial-literacy-in-the-dnb-household-survey-insights-from-innovative-data-collection/F37EB6F2885B329125C84D5481201F82) Maarten van Rooij, Rob Alessie and Annamaria Lusardi Journal of Financial Literacy and Wellbeing  [Data Science for Central Banks and Supervisors: How to Make It Work, Actually](https://hdsr.mitpress.mit.edu/pub/yj9bmui7/release/1) Patty Duijm and Iman van Lelyveld Harvard Data Science Review  For a complete list of publications see our [website](https://www.dnb.nl/en/research/publications/).  **Forthcoming books/articles in books**  Carin van der Cruijsen and Anna Samarina, Trust in financial institutions and central banks. In R. Jong-A-Pin and C. Bjørnskov (Eds.) *Encyclopedia of public choice.*Edward Elgar.  Gabriele Galati and Richhild Moessner, Challenges for macroprudential policies, Chapter 25 In Allen N. Berger, Philip Molyneux, John O.S. Wilson (Eds.) *The Oxford Handbook of Banking.* Oxford University Press.  **Other publications**  [Funding the Fittest? How investors respond to climate transition risk in the corporate bond market](https://www.suerf.org/wp-content/uploads/2024/05/SUERF-Policy-Brief-882_Boermans-et-al.pdf) Martijn Boermans, Maurice Bun, Yasmine van der Straten SUERF Policy Brief    [Systeemrisico’s banken en verzekeraars hoger dan gedacht](https://esb.nu/systeemrisicos-banken-en-verzekeraars-hoger-dan-gedacht/)  Martijn Boermans and Bram van der Kroft  Economisch Statistische Berichten  [De stand van de Amsterdamse kantorenmarkt in internationaal perspectief](https://www.vogon.nl/wp-content/uploads/2024/11/VOGON-Jaarboek-2024-2.pdf)  Dorinth van Dijk and Willem Vlaming  Real Estate Research Quarterly  [Betaalbaarheid van woningen sinds 2013 fors verslechterd](https://esb.nu/betaalbaarheid-van-woningen-sinds-2013-fors-verslechterd/)  Niek de Meijier and Dorinth van Dijk  Economisch Statistische Berichten Kort  [Go to the Top.](#R1top)   |  | | --- | | Events |   **Research seminars**  **Past**  **01 Oct 2024:** Agreed and Disagreed Uncertainty Francesco Zanetti (University of Oxford) **08 Oct 2024:** Masters of Illusion: How Much do Banks Hide? Roman Goncharenko (KU Leuven) **10 Oct 2024:** Health Inequality and Economic Disparities by Race, Ethnicity, and Gender Mariacristina Denardi (University of Minnesota)  **15 Oct 2024:** Non-Gaussian Business CycleMichele Piffer (Bank of England, King’s College London)  17 Oct 2024: Tracking Sectoral Economic Condition Daan Opschoor **22 Oct 2024:** Fiscal backing, inflation and US business cycles  Frank Smets (European Central Bank)  **12 Nov 2024:** Shadow-Rate VARsElmar Mertens (Deutsche Bundesbank)  **19 Nov 2024:** Regularized estimation of heterogeneous panel data models with dynamic factors and local cross-sectional dependence  Julia Schaumburg (Vrije University Amsterdam) **26 Nov 2024:** Emissions intensity dynamics: the role of macro and industry-specific shocks François Lafond (University of Oxford)  **28 Nov 2024:** The impact of the Net Zero transition on aggregate productivity  Emillien Ravigne (University of Oxford)  **Forthcoming**  **20 Feb 2025:** TBA Sam Fankhauser (University of Oxford) **06 Mar 2025:** TBA Annika Camehl (Erasmus University Rotterdam) **27 Mar 2025:** TBA Egemen Eren (Bank of International Settlements)  **03 Apr 2025:** TBA Inaki Aldasoro (Bank of International Settlements)  **10 Apr 2025:** TBA  Petr Sedlacek (University of New South Wales)  **17 Apr 2025:** TBA  Andrea Ferrero (University of Oxford) 01 May 2025: TBA  Gabor Pinter (Bank of International Settlements)  **08 May 2025: TBA**  Jonas Arias (Federal Reserve Bank of Philadelphia)  **20 May 2025: TBA**  Stephanie Schmitt-Grohe (Columbia University)  **22 May 2025: TBA** Gregor Boehl (Bonn University)  **05 Jun 2025: TBA** Natalya Martynova (Deutsche Bundesbank) **03 Jul 2025: TBA** Federica Romei (University of Oxford)  [Go to the Top.](#R1top)   |  | | --- | | Other news |   Guido Ascari gave a keynote lecture at the [2024 Joint Workshop in Macroeconomics](https://able.adelaide.edu.au/economics-and-public-policy/2024-joint-workshops-in-macroeconomics), which took place in Adelaide and had as other keynote speakers Bruce Preston (UNSW Sydney) and Sarah Zubairy (Texas A&M). Guido was also a keynote speaker in the [2024 Workshop of the Australasian Macroeconomic Society](https://ausmacro.com/WAMS2024/) (WAMS) in Perth, where the other keynotes were José-Víctor Ríos-Rull (University of Pennsylvania, UCL) and Richard Rogerson (Princeton University).  [Go to the Top.](#R1top)   |  | | --- | | Research highlights, details |   **1.** **A Structural Investigation of Quantitative Easing**  Using nonlinear Bayesian methods that fully account for the binding zero lower bound (ZLB), the authors estimate a large-scale macro-finance DSGE model on U.S. data. Counterfactual analysis suggests that by easing financing conditions, quantitative easing facilitated a net increase in aggregate investment. The resulting expansion of firms’ production capacities lowered their marginal costs. These disinflationary supply side effects dominated over the inflationary effects induced by the stimulus to aggregate demand. At the ZLB, the concomitant rise in real interest rates, in turn, induced a net fall in  aggregate consumption.  **Read more?**  **See The Review of Economics and Statistics,** [A Structural Investigation of Quantitative Easing](https://direct.mit.edu/rest/article/106/4/1028/111190/A-Structural-Investigation-of-Quantitative-Easing), by Gregor Boehl, Gavin Goy and Felix Strobel.  [Go to the Top.](#R1top)  **2.** **Fiscal Policy and Inflation in the Euro Area**  The findings of their work can be summarized as follows. First, while both positive demand and adverse supply shocks contributed to the inflation surge, demand shocks were relatively more important. Second, fiscal stimulus played a substantial and progressively increasing role, particularly in influencing domestic-based measures of inflation. Finally, the relative impact of fiscal shocks on inflation dynamics varies across (selected) Euro Area countries.  **Read more?**  See the DNB working paper no 820 [Fiscal Policy and Inflation in the Euro Area](https://www.dnb.nl/en/publications/research-publications/working-paper-2024/820-fiscal-policy-and-inflation-in-the-euro-area/), by Guido Ascari, Dennis Bonam, Lorenzo Mori and Andra Smadu [Go to the Top.](#R1top)  **3.** **Climate-Linked Bonds**  Climate-linked bonds, ideally issued by governments and international organizations, adjust their payouts based on measurable climate variables, such as temperature changes or greenhouse gas (GHG) concentrations. By directly linking financial returns to climate outcomes, these bonds provide a strong incentive for issuers to align their actions with climate mitigation goals. This paper evaluates the factors that enable climate risk-sharing. It highlights the fact that these bonds offer favorable financing terms to counterparties willing to take over climate risks. At the same time, the climate-linked bonds offer long-term hedging opportunity for counterparties exposed to climate  damages and seeking financial protection.  **Read more?**  See the DNB working paper 817 [Climate-Linked Bonds](https://www.dnb.nl/publicaties/publicaties-onderzoek/working-paper-2024/817-climate-linked-bonds/) by Dirk Broeders, Daniel Dimitrov and Niek Verhoeven.  [Go to the Top.](#R1top)  **4.** **DNB Annual Research Conference**  On November 21-22, 2024, De Nederlandsche Bank organized its 27th Annual Research Conference. The conference theme was “The Macroeconomic Effects of Geopolitical Uncertainty”. The event featured two keynote speeches by Pierre-Olivier Gourinchas and Sydney C. Ludvigson, a policy panel discussion with Pierre-Olivier Gourinchas and Philip Lane, and the presentation of eight high-quality research papers.  **Read more?**  Read the summary in the [conference website](https://www.dnb.nl/en/research/dnb-research-conferences/annual-research-conferences/2024-the-macroeconomic-effects-of-geopolitical-uncertainty/).  [Go to the Top.](#R1top)  **5.** **3rd XAmsterdam Macroeconomic Workshop**  The workshop was aimed at bringing together leading researchers, junior scholars and experts from the policy community in the field of macroeconomics, and at fostering interactions between economists in the United States (or other parts of the world) and economists in the Netherlands or Europe. The workshop was co-organized by Tinbergen Institute, De Nederlandsche Bank (DNB), Erasmus Universiteit Rotterdam, the University of Amsterdam, and Vrije Universiteit Amsterdam.  The 2024's edition had as keynotes Aysegul Sahin (Princeton University) and Kjetil Storesletten (University of Minnesota) and twelve scientific presentations.  **Read more?**  The conference program is available on [this website](https://tinbergen.nl/media/event/program/xamsterdam_program.pdf).  [Go to the Top.](#R1top)    Contact: [Office.ebo@dnb.nl](mailto:Office.ebo@dnb.nl)   |  |  |  | | --- | --- | --- | |  |  | **R:\Projecten\372_TID_DNB_DIRECT\van_dnb\20160701logo\Logo_DNB_150dpi_wit.png** | |  | | | | |  | |