

Seminar:
Measurement and Econometric Modelling of Expectations

Economic agents such as central banks, governments, financial institutions and households base many of their decisions on expectations of economic variables. In this seminar, we will discuss recent research on the formation and determinants of economic expectations:

- What kind of models are used to form expectations?
- Are survey expectations theory-consistent?
- How do experiences and socioeconomic status affect macroeconomic expectations?
- Do survey respondents act on their beliefs?
- Do expectations of equity returns explain portfolio choice?
- How well can professional forecasters quantify their uncertainty?

Students will read and discuss recent research papers published in international journals and get familiar with new econometric methods and datasets on survey expectations. Students will replicate the empirical results of the original papers and check the validity of the results by carrying out their own estimations and robustness checks using the original data (or alternative data sources).

The first meeting will take place on **October 24, 2018**, from **11.00 to 12.00** in room **02.024**. The list of papers/topics and detailed information on the registration procedure is available on the webpage of the Chair of Empirical Economics. To register for the seminar, please fill out the registration form and send it to:

empirischewirtschaftsforschung@awi.uni-heidelberg.de

Deadline for registration is **October 21, 2018**.

The seminar takes place on January 11 and 12, 2019, in room **02.036**. Your grade will be based on the following: seminar paper (60%), seminar presentation (30%) and active participation (10%) in the seminar discussion.

The seminar cannot be combined with the seminar “The Role of Subjective Expectations for the Business Cycle”. A maximum of 15 students can participate in the seminar.

Topics

1. Abel, J., Rich, R., Song, J. and J. Tracy (2016). The Measurement and Behavior of Uncertainty: Evidence from the ECB Survey of Professional Forecasters, *Journal of Applied Econometrics*, 31, 533-550.

2. Binder, C. (2017). Fed Speak on Main Street: Central Bank Communication and Household Expectations, *Journal of Macroeconomics*, 52, 238-251.
3. Bruine de Bruin, W., C. F. Manski, G. Topa, and W. van der Klaauw (2011). Measuring Consumer Uncertainty about Future Inflation, *Journal of Applied Econometrics*, 26, 454-478.
4. Armantier, O., W. Bruine de Bruin, G. Topa, W. van der Klaauw, and B. Zafar (2015). Inflation Expectations and Behavior: Do Survey Respondents Act on Their Beliefs?, *International Economic Review*, 56, 505-536.
5. Boero, G., J. Smith, and K. F. Wallis (2011). Scoring Rules and Survey Density Forecasts, *International Journal of Forecasting*, 27, 379-393.
6. Boero, G., J. Smith, and K. F. Wallis (2015). The Measurement and Characteristics of Professional Forecasters' Uncertainty, *Journal of Applied Econometrics*, 30, 1029-1046.
7. Clements, M. P. (2014). Forecast Uncertainty – Ex Ante and Ex Post: U.S. Inflation and Output Growth, *Journal of Business & Economic Statistics*, 21, 206-216.
8. Das, S., C. M. Kuhnen, and S. Nagel (2017). Socioeconomic Status and Macroeconomic Expectations, NBER Working Paper No. 24045, National Bureau of Economic Research.
9. Dräger, L., M. J. Lamla, and D. Pfajfar (2016). Are Survey Expectations Theory-consistent? The Role of Central Bank Communication and News, *European Economic Review*, 85, 84-111.
10. Engelberg, J, C. F. Manski, and J. Williams, (2011). Assessing the Temporal Variation of Macroeconomic Forecasts by a Panel of Changing Composition, *Journal of Applied Econometrics*, 26, 1059-1078.
11. Guiso, L., P. Sapienza, and L. Zingales (2018). Time Varying Risk Aversion, *Journal of Financial Economics*, 128, 403-421.
12. Hurd, M., van Rooij, M., and J. Winter (2011). Stock Market Expectations of Dutch Households, *Journal of Applied Econometrics*, 26, 416-436.
13. Krüger, F. (2017). Survey-based Forecast Distributions for Euro Area Growth and Inflation: Ensembles versus Histograms, *Empirical Economics*, 53, 235-246.
14. Kuchler, T. and B. Zafar (2015). Personal Experiences and Expectations about Aggregate Outcomes, IZA Discussion Paper No. 9444, Institute for the Study of Labor, Bonn.
15. Malmendier, U. and S. Nagel (2011). Depression Babies: Do Macroeconomic Experiences Affect Risk Taking? *The Quarterly Journal of Economics*, 126, 373-416.
16. Malmendier, U. and S. Nagel (2016). Learning from Inflation Experiences, *The Quarterly Journal of Economics*, 131, 53-87.