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CAMA Quarterly

Newsletter for the Centre for Applied Macroeconomic Analysis
Crawford School of Public Policy

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In this edition of the CAMA newsletter we are happy to welcome two new advisors to the CAMA advisory board with a special role as advisors to two of our research programs. Professor Dr Cars H. Hommes has agreed to take up the position of Research Advisor to the Behavioural Macroeconomics and Complexity Program and Professor Maurice Obstfeld has agreed to take up the position of Research Advisor of the Open Economy Macroeconomics Program.

We also thank to Jun Pang who has stepped down from her position as CAMA administrator in order to take up a position with Adidas in Germany, and we welcome back Rossana Bastos-Pinto who is resuming her administrative role with CAMA.

Since the last publication of the CAMA newsletter we have received 32 new working papers. Thank you all for the submissions. If you would like to submit a new working paper please contact your program director or contact [CAMA](#).

Renee Fry McKibbin
Director



Open Economy Macroeconomics program

About CAMA

The Centre for Applied Macroeconomic Analysis (CAMA) in the Crawford School of Public Policy was established in 2003 to bring together economists working on macroeconomic and financial issues throughout Australia and across the Asia Pacific region. Its objectives are to advance teaching, post-graduate training and research into applied macroeconomic and financial issues. The work of the centre is broad and encompasses all elements pertaining to the analysis of aggregate economic data.

CAMA aims to contribute to macroeconomic research and policy analysis through the region by facilitating the creation of a network of scholars at Universities, Central Banks and Treasuries in the region and internationally who wish to engage in co-operation. These scholars visit the centre at various times.

CAMA Management

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Forthcoming Events

Book Launch



Great Southern Lands - Building Ties between Australia & Brazil

Date: 5 August
Venue: Crawford School,
Canberra Room
Time: 5pm

CAMA will host the launch of the Book Great Southern Lands - Building Ties between Australia & Brazil, by Cardim F, Carvalho P, Harcourt T, and Thirlwell M. Patrick Carvalho (CAMA PhD student) is contributing with the chapter 2 - The country of the future? The rise of Brazil.

Bank of England and Centre for Macroeconomics conference on Macroeconomics: Understanding low growth

Bank of England in London, 9-10 December 2013 Call for papers (now closed)

Reserve Bank of New Zealand Conference Wellington, 16-17 December 2013 On 16-17 December 2013, the Reserve Bank of New Zealand will host a conference on monetary policy in open economies. This conference aims to bring together recent work examining the transmission of monetary and macro-prudential policies and their effectiveness in open



[Charles Nolan](#), University of Glasgow



[Ozge Senay](#), University of St Andrews



[Alan Sutherland](#), University of St Andrews



ECOCEP (Economic Modeling for Climate-Energy Policy)

Professor Karel Janda (from Climate Change and Energy program) would like to announce the newly approved grant ECOCEP (Economic Modeling for Climate-Energy Policy). Professor Karel is coordinating the project and Professor Warwick McKibbin is a leading ANU partner in this project. This 7th Framework Programme of EU project will provide support for research visits among ANU and other participating institutions – Charles University in Prague, FEEM, Oxford University, Toulouse School of Economics, Arizona State University, University of California (Berkeley, Davis, Irvine, LA, Merced, Riverside, San Diego, San Francisco, Santa Barbara, Santa Cruz), Cornell University, Harvard University, University of Maryland, McGill University, New Economic School in Moscow, Irkutsk State University, Novosibirsk State University, University of Queensland, University of Auckland, University of Cape Town. The ECOCEP project will run from January 2014 to December 2017 and its main content will be research staff (faculty members and PhD students) exchanges of 1 month-12 months duration per visit between the project partners.

economies. Please submit papers to conference2013@rbnz.govt.nz by 1 August 2013. Acceptances will be communicated by 30 August 2013. Organising Committee: Martin Berka (Victoria University of Wellington and CAMA), Punnoose Jacob, Özer Karagedikli, Christie Smith and Christoph Thoenissen (Victoria University of Wellington and CAMA)

Judgement and combination in forecasting and policy models

London, 20-21 March 2014 Further information will be forthcoming. Organisers: Raffaella Giacomini (UCL), George Kapetanios (QMUL), Massimiliano Marcellino (European University Institute, Bocconi University and CEPR) and Simon Price (BoE, City University London, CAMA and CFM)

Crawford School News

Call for Papers: Asia and the Pacific Policy Studies



Asia and the Pacific Policy Studies (APPS) is the flagship publication of the Crawford School of Public Policy at the Australian National University. APPS is a peer-reviewed, multidisciplinary and open-access journal that targets research in policy studies in Asia and the Pacific. The Journal aims to break down barriers across disciplines and generate policy impact. The first issue of the



Professor Simon Van Norden (from The Finance and the Macroeconomy program) has been awarded (jointly with Profs. Martin Boyer and Eric Jacquier) the 2013 Casualty Actuarial Society American Risk and Insurance Association Prize for best paper of interest to casualty actuaries published by the American Risk and Insurance Association, *Are Underwriting Cycles Real or Forecastable?*



[The need for a targeted lending scheme in the euro area](#)
By Michael McMahon (Microeconomic Models and Methods program)
15 May 2013
The Economist

[\(R\)evolution in Brazil?](#)
By Patrick Carvalho (CAMA PhD student)
3 July 2013
The interpreter



2013

- **42/2013:** Chiarella C, Di Guilmi C, [Monetary Policy and Debt Deflation: Some Computational Experiments](#)
- **41/2013:** Kim H, Fujiwara I, Hansen BE, Ogaki M, [Purchasing Power Parity and the Taylor Rule](#)
- **40/2013:** Spicer A, Stavrunova O, Thorp S, [How Portfolios Evolve After Retirement: Evidence from Australia](#)
- **39/2013:** Kamber G, Thoenissen C, [Financial exposure and the international transmission of financial shocks](#)
- **38/2013:** Gamboa F, Maldonado WL, [Feasibility and Optimality](#)

Journal will be published in January 2014 with 'early view papers' made available from September 2013.

The editors are accepting submissions. You can submit your paper online at [ScholarOne Manuscripts](#). For more information, please read the [Journal's aims and scope](#) and [author guideline](#).

of the Initial Capital Stock in the Ramsey Vintage Capital Model

- **37/2013:** Devereux MB, Hnatkovska VV, Borders and Nominal Exchange Rates in Risk-Sharing
- **36/2013:** Hoffmann M, Okubo T, 'By a Silken Thread': regional banking integration and pathways to financial development in Japan's Great Recession
- **35/2013:** Arora.V, Shi.S, A Heterogenous Agent Foundation for Tests of Asset Price Bubbles
- **34/2013:** Tyers. R, China and Global Macroeconomic Interdependence
- **33/2013:** Cai.Y, Lu.Y, Newth.D, Stegman.A, Modelling Complex Emissions Intensity Targets with a Simple Simulation Algorithm
- **32/2013:** Chan.J.C.C, Leon-Gonzalez.R, Strachan.R.W, Invariant Inference and Efficient Computation in the Static Factor Model
- **31/2013:** Chan.J.C.C, Moving Average Stochastic Volatility Models with Application to Inflation Forecast
- **30/2013:** Kollmann.R, Global Banks, Financial Shocks and International Business Cycles: Evidence from an Estimated Model
- **29/2013:** Kollmann.R, Tractable Latent State Filtering for Non-Linear DSGE Models Using a Second-Order Approximation
- **28/2013:** Boschi M, Marzo M, Salotti S, Domestic versus International Determinantes of European Business Cycles: a GVAR Approach
- **27/2013:** Vacha L, Janda K, Kristoufek L, Zilberman D, Time-Frequency Dynamics of Biofuels-Fuels-Food System
- **26/2013:** Bradley M D, Jansen D W, Sinclair T M, How Well Does Core Inflation Capture Permanent Price Changes?
- **25/2013:** Apergis N, Cooray A, Forecasting fiscal variables: Only a strong growth plan can sustain the Greek austerity programs-Evidence from simultaneous and structural models
- **24/2013:** Clare A, Seaton J, Smith P N, Thomas S, The Trend is Our Friend: Risk Parity, Momentum and Trend Following in Global Asset Allocation
- **23/2013:** Abhakorn P, Smith P N, Wickerns M, What do the Fama-French factors add to CCAPM?
- **22/2013:** Velazques, A.M., Smith P. N., Equity Returns and the Business Cycle: The Role of Supply and Demand Shocks
- **21/2013:** Stevenson B and Wolfers J., Subjective Well-Being and Income: Is There Any Evidence of Satiation?
- **20/2013:** Siregar R, Nguyen T, Inflationary Implication of Gold Price in Vietnam
- **19/2013:** Hansen, S. and McMahon, M and Rivera, C., How Experts Decide: Preferences or Private Assessments on a Monetary Policy Committee?
- **18/2013:** Hansen, S. and McMahon, M., Estimating Bayesian Decision Problems with Heterogeneous Priors
- **17/2013:** Stevenson B, Wolfers J, Subjective and Objective Indicators of Racial Progress
- **16/2013:** Tomz, M. and Wright, M. A., Empirical Research on Sovereign Debt and Default
- **15/2013:** Chan, J., Fry-McKibbin, R.A. and Hsiao, C.Y.L., A Regime Switching Skew-normal Model for Measuring Financial Crisis and Contagion

- **14/2013:** McKibbin, W.J. and Stegman, A., [Long term Projections of the World Economy? A Review](#)
- **13/2013:** Cai Y, McKibbin W, [Uncertainty and International Climate Change Negotiations](#)
- **12/2013:** Ipppei Fujiwara, Lena Mareen Korber, Daisuke Nagakura, [Asymmetry in Government Bond Returns](#)
- **11/2013:** Knut Are Aastveit, Hilde C. Bj, [What drives oil prices? Emerging versus developed economies](#)
- **10/2013:** Aaron Walker, Rod Tyers, [Quantifying Australia's "Three Speed" Boom](#)



Climate Change and Energy program:

- Barbora S, **Janda K**, and Rausser G, "Can Investment in Microfinance Funds Improve Risk-Return Characteristics of a Portfolio?", *Technological and Economic Development of Economy*, forthcoming.
- Chrz S, Hruby Z, **Janda K**, and Kristoufek L, "Modeling Interconnections within Food, Biofuel, and Fossil Fuel Markets." (In Czech.) ("Modelovani provazanosti trhu potravin, biopaliv a fos- ilnich paliv.") *Politicka ekonomie*, forthcoming.
- **Janda K**, Kristoufek L, Vacha L, and Zilberman D, "Time-Frequency Dynamics of Biofuels-Fuels-Food System." *Energy Economics*, forthcoming.
- **Janda K**, Michalikova E, and Skuhrovec J. "Credit Support for Export: Robust Evidence from the Czech Republic." *The World Economy*, forthcoming.
- **Janda K**, Rausser G, and Wadim S, "Determinants of Profitability of Polish Rural Micro-enterprises at the Time of EU Accession.", *Eastern European Countryside*, forthcoming.
- **Janda K**, and Turbat B. "Determinants of Financial Performance of Microfinance Institutions in Central Asia.", *Post-Communist Economies*, forthcoming in no. 4, vol. 25, 2013.
- **Janda K**, Kristoufek L, and Zilberman D, "Regime-dependent Topological Properties of Biofuels Networks.", *European Physical Journal B* 2013, 2(86), article 40, 12 pages.
- **Janda K** and Svarovska B, "Performance of Microfinance Investment Vehicles.", *Journal of Economics*, 2013, 1(61), pp. 47-66.
- **Janda K**, Kristoufek L and Zilberman D., "Correlations Between Biofuels and Related Commodities Before and During the Food Crisis: A Taxonomy Perspective." , *Energy Economics* 2012, 5(34), pp. 1380-1391.
- **Janda K**, Kristoufek L and Zilberman D, "Biofuels: Policies and Impacts.", *Agricultural Economics* 2012, 8(58), pp. 372-386.
- Khalili Araghi M and **Barkhordari S**, 2012. "An evaluation of

the welfare effects of reducing energy subsidies in Iran," *Energy Policy*, Elsevier, vol. 47(C), pages 398-404.

- **Stern D**, "Uncertainty Measures for Economics Journal Impact Factors", *Journal of Economic Literature*, American Economic Association, vol. 51(1), pages 173-89, March 2013.

Economic Growth and Development program:

- **Day C** and Dowrick S, "[Endogenous growth with R&D and human capital: the role of returns to scale](#)", *Oxford Economic Papers*, Oxford University Press, vol. 65(2), pages 312-322, April, 2013.

Globalisation and Trade program:

- **Wright M** and Fabina J, "Where has all the productivity growth gone?", *Chicago Fed Letter*, Federal Reserve Bank of Chicago, issue Jan., 2013.

Macroeconomic Policy Frameworks program:

Claus I, "Is the value added tax a useful macroeconomic stabilization instrument?", *Economic Modelling*, Elsevier, vol. 30(C), pages 366-374, 2013

Macroeconomic Theory program:

- **Dmitriev A**, "Institutions and growth: evidence from estimation methods robust to weak instruments", *Applied Economics*, Taylor and Francis Journals, vol. 45(13), pages 1625-1635, May 2013.
- **Liu P**, Baumeister C and Mumtaz H, "Changes in the effects of monetary policy on disaggregate price dynamics", *Journal of Economic Dynamics and Control*, Elsevier, vol. 37(3), pages 543-560, 2013
- **Liu P**, Tang H and Cheung EC, "Changing impact of fiscal policy on selected ASEAN countries", *Journal of Asian Economics*, Elsevier, vol. 24(C), pages 103-116, 2013.

Model Uncertainty and Macroeconometrics program:

- **Chan J**, Koop G, Potter SM, "A New Model of Trend Inflation", *Journal of Business & Economic Statistics*, American Statistical Association, vol. 31(1), pages 94-106, January 2013.
- **Chan J**, "Moving average stochastic volatility models with application to inflation forecast". *Journal of Econometrics*, Elsevier, May 2013
(<http://dx.doi.org/10.1016/j.jeconom.2013.05.003>) [**CAMA Working Paper 31/2013**]

Open Economy Macroeconomics program:

- **Kamber G** and **Thoenissen C**, "Financial exposure and the international transmission of financial shocks", *Journal of Money, Credit and Banking*, forthcoming, 2013, [**CAMA Working Paper 22/2011**]
- **Kamber G** and Eyquem A, "A note on the business cycle

implications of trade in intermediate goods”, *Macroeconomic Dynamics*, forthcoming, 2013

- Kano K, **Kano T**, Takechi K, 2013, “Exaggerated death of distance: revisiting distance effects on regional price dispersions”, *Journal of International Economics* 90, 403-413.

The Finance and the Macroeconomy program:

- Abhakorn P, **Smith PN**, and Wickerns MR, “What do Fama-French factors add to C-CAPM?”, *Journal of Empirical Finance*, 2013, forthcoming. [**CAMA Working Paper 23/2013**]
- Coatney K and Shaffer S, “Coerced Reciprocal Dealing and the Leverage Theory,” *Journal of Competition Law and Economics*(an Oxford journal), 9 (2), 2013, 473-493. Accepted February 20, 2013.
- **Dungey M, Jacobs JPAM** and **van Norden S**, “On the correspondence between data revision and trend-cycle decomposition,” *Applied Economics Letters*, Taylor and Francis Journals, vol. 20(4), pages 316-319, March 2013
- **Dungey M, Jacobs JPAM, van Norden S**, and Tian J, “Trend-Cycle Decomposition: Implications from an Exact Structural Identification”, working paper in the FRB Philadelphia, 17 May 2013
- Mendoza-Velazquez A and **Smith PN**, “Expected returns and the business cycle: the role of supply and demand shocks”, *Manchester School*, 2013, forthcoming. [**CAMA Working Paper 22/2013**]
- **Shaffer S**, “Reciprocal Deposits and Incremental Bank Risk,” *Applied Economics*, forthcoming. Accepted May 2013.

Book and Book Chapters

Economic Growth and Development program:

- **Public Debt Sustainability in Developing Asia**, *London and New York*, Routledge, December 2012 (editors, Benno Ferrarini, **Raghbendra Jha** and Arief Ramayandi)
- Introduction, in **Public Debt Sustainability in Asia and the Pacific**, *London and New York*, Routledge, 2012 (Benno Ferrarini, **Raghbendra Jha** and Arief Ramayandi).
- Sustainability of the Public Debt in the Asia-Pacific Region-A Review, in **Public Debt Sustainability in Asia and the Pacific**, by **Raghbendra Jha** *London and New York*, Routledge, 2012, Eds. Benno Ferrarini, **Raghbendra Jha** and Arief Ramayandi
- Conclusions and Other Country Perspectives, in **Public Debt Sustainability in Asia and the Pacific**, *London and New York*, Routledge, 2012 (Benno Ferrarini, **Raghbendra Jha** and Arief Ramayandi), Eds. Benno Ferrarini, **Raghbendra Jha** and Arief Ramayandi.

Seminars and others

The Finance and the Macroeconomy program:

- **Shaffer S**, “Moral Hazard, Reciprocal Brokered Deposits, and

Bank Risk,” at two Dutch institutions (Central Bank of the Netherlands; and University of Groningen), March 2013.

- **Shaffer S**, provided advice on estimating market power in banking to Bastiaan Overvest, Policy Advisor to the Netherlands Ministry of Finance, February 2013.

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