

Message from the director



This quarter has proven to be another productive one with the publication of 31 new working papers in macroeconomics for a total of 71 in 2013 to date. For a summary of the output for the quarter, read on, but if you would like to see the complete list for the year, go to

<https://cama.crawford.anu.edu.au/publication/cama-working-paper-series>. You will notice some new improvements in the functionality of the working paper website, with the working papers now

searchable by title, author and data. If you would like to submit a new working paper please contact your program director or contact CAMA.

For your calendar - several workshops and conferences are forthcoming: A joint workshop between CAMA and the Centre for Applied Macroeconomic and Petroleum Analysis (CAMP) in "Commodities and the Macroeconomy" will be held at the Crawford School of Public Policy at ANU on December 4; The Bank of England and the Centre for Macroeconomics is hosting a conference on "Macroeconomic: Understanding Low Growth" on December 9-10; The Reserve Bank of New Zealand is hosting their annual conference on "Monetary Policy in Open Economies" on December 16-17; the HKMA and the Federal Reserve Bank of New York will have a conference on "Domestic and International Dimensions of Unconventional Monetary Policy" in Hong Kong on 20-21 March 2014; and finally, the Bank of England, University College London and CAMA will hold a conference on "Judgement and Combination in Forecasting and Policy Models on 20-21 March 2014 in London.

There are two changes to the CAMA RBA Shadow Board with the departure of Mark Thirlwell because of his new position with Austrade. Mark was a voting member from August 2011-September 2013 and we would like to thank him for his contribution to the Board. Replacing Mark is Guay Lim from the University of Melbourne. Prof Lim is a highly respected and well accomplished macroeconomist, with many years of experience both inside and outside academia. We warmly welcome her to the position.

On a sad note, one of CAMA's original supporters and founding member of the CAMA Advisory Board, Professor Lawrence Klein passed away on Sunday (20/10/2013) aged 93. Warwick McKibbin, founding director of CAMA writes an obituary below.

Finally, we extend a warm welcome to our new research and doctoral student associates and we look forward to interacting with you in the future.

Renee Fry McKibbin

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

Director
Professor [Renee Fry McKibbin](#)

Deputy Director
Associate Professor [Ipppei Fujiwara](#)

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Forthcoming Events

[Commodities and the Macroeconomy Workshop](#)



Date: 4 December

Director



Behavioural Macroeconomics and Complexity program



[Masao Ogaki](#), Keio University

Commodities and the Macroeconomy program



[Jasmine Zheng](#), The Australian National University

Finance and the Macroeconomy program



[Paul Kitney](#), The Australian National University



[Ronald Ratti](#), University of Western Sydney



[Joaquin Vespignani](#), University of Tasmania



[Ying Xu](#), The Australian National University

Venue: Acton Theatre, Level 1, JG Crawford Building 132, Lennox Crossing, ANU Room
Time: 9.00AM – 5.00PM

CAMA and the Centre for Applied Macroeconomic and Petroleum Analysis (CAMP <http://www.bi.edu/research/research-centres/Centre-for-/>) will host a workshop on Commodities and the Macroeconomy in Canberra in December. The workshop will bring together research focused on issues such as Dutch Disease, commodity prices and the role of liquidity in emerging and G3 markets, the transmission of foreign shocks to small open economies, as well as the role of China in commodity markets. [Registration is open](#)

[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 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)

[Domestic and International Dimensions of Unconventional Monetary Policy](#)

Hosts: Hong Kong Monetary Authority and the Federal Reserve Bank of New York
Hong Kong, China, 20-21 March 2014

[EABCN Conference on Judgement and combination in forecasting and policy models](#)

Hosts: Bank of England, University College London and CAMA
London, 20 - 21 March 2014, London

Awards

Gerald P Dwyer Prize for CAMA



[Jasmine Zheng](#), The Australian National University

Globalisation and Trade program



[Toshihiro Okubo](#), Keio University

Macroeconomic Policy Frameworks program



[Paul Kitney](#), The Australian National University



[Denny Lie](#), The University of Sydney



[Christopher Perks](#), The Australian National University



[Yuki Teranishi](#), Keio University



[Kozo Ueda](#), Waseda University

Macroeconomic Theory program

PhD Student



PhD student **Yu-Ling (Cody) Hsiao** won the Gerald P Dwyer prize for the best paper in finance where she attended the Society of Non-Linear Dynamics and Econometrics (SNDE) conference in Italy earlier in March this year. This conference is sponsored by the Journal of Applied Econometrics. The SNDE is a major international conference for people working in non-linear econometrics. Gerald P Dwyer, in whose honour the prize is awarded, is a long time research associate of CAMA.

Media

[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



[Paul Kitney](#), The Australian National University



[Shigeru Fujita](#), Federal Reserve Bank of Philadelphia



[Satoshi Tanaka](#), University of Queensland



[Yuichiro Waki](#), University of Queensland

Model Uncertainty and Macro-Econometrics program



[Woong Park](#), The University of Hong Kong

Multi-Country Models and Methods program



[Paul Kitney](#), The Australian National University

Open Economy Macroeconomics program



[Qingyan Du](#), Monash University



[Punnoose \(Reuben\) Jacob](#), Reserve Bank of New Zealand



[Gulcin Ozkan](#), The University of York



Asian International Economists Network (AIEN)

Hsiao Chink Tang, CAMA Research Associate (Finance and the Macroeconomy program) and Senior Economist, Asian Development Bank (ADB), would like to announce the establishment of AIEN, the trade policy forum of the Asian Development Bank. AIEN seeks to strengthen institutional capacity on trade policy in the Asia-Pacific region, thus supporting the ADB's Regional Cooperation and Integration Strategy. The network trains researchers and policy officials from the region, supports a fellowship program for budding trade economists, and maintains an open forum for exchanges of views. AIEN welcomes contributions to its blog page. Blogs published are typically 700-800 words in length and deal with issues related but not limited to Asian trade and regional cooperation. Please feel free to submit queries and articles to aien@adb.org.



2013

- **71/2013:** Fujiwara I, Teranishi Y, October 2013, [Financial Stability in Open Economies](#)
- **70/2013:** Wong B, October 2013, [The Evolution of the U.S. Output-Inflation Tradeoff](#)
- **69/2013:** Dennis R, October 2013, [Asset Prices, Business Cycles, and Markov-Perfect Fiscal Policy when Agents are Risk-Sensitive](#)
- **68/2013:** Dennis R, October 2013, [Imperfect Credibility and Robust Monetary Policy](#)
- **67/2013:** Hall T, Jacobs J, Pagan A, October 2013, [Macro-Econometric System Modelling @75](#)
- **66/2013:** Krippner L, September 2013, [Faster solutions for Black zero lower bound term structure models](#)
- **65/2013:** Kander A, Stern DI, September 2013, [Economic](#)

Growth and the Transition from Traditional to Modern Energy in Sweden

- **64/2013:** Zheng J, September 2013, Effects of US Monetary Policy Shocks During Financial Crises - A Threshold Vector Autoregression Approach
- **63/2013:** Sudo N, Ueda K, Watanabe K, September 2013, Micro Price Dynamics during Japan's Lost Decades
- **62/2013:** Kano T, September 2013, Exchange Rates and Fundamentals: Closing a Two-country Model
- **61/2013:** Fry-McKibbin R, Martin V, Tang C, September 2013, Financial Contagion and Asset Pricing
- **60/2013:** Hirose Y, Inoue A, September 2013, Zero Lower Bound and Parameter Bias in an Estimated DSGE Model
- **59/2013:** Wong B, August 2013, Inflation Dynamics and The Role of Oil Shocks: How Different Were the 1970s?
- **58/2013:** Siklos PL, August 2013, The Global Financial Crisis and the Language of Central Banking: Central Bank Guidance in Good Times and in Bad
- **57/2013:** Crucini MJ, Yilmazkuday H, August 2013, Understanding Long-run Price Dispersion
- **56/2013:** Crucini MJ, Davis JS, August 2013, Distribution Capital and the Short- and Long-run Import Demand Elasticity
- **55/2013:** Henckel T, Menzies GD, Zizzo DJ, August 2013, The Great Recession and the Two Dimensions of European Central Bank Credibility
- **54/2013:** Dungey M, Fry-McKibbin R, Linehan V, August 2013, Chinese Resource Demand and the Natural Resource Supplier
- **53/2013:** Kim J, Pruitt S, August 2013, Estimating Monetary Policy Rules When Nominal
- **52/2013:** Bhattarai S, Lee JW, Park WY, August 2013, Price Indexation, Habit Formation, and the Generalized Taylor Principle
- **51/2013:** Munakata K, Nakamura K, Teranishi Y, August 2013, Optimal Macprudential Policy
- **50/2013:** Prusa J, Klimesova A, Janda K, August 2013, Consumer Loss in Czech Photovoltaic Power Plants
- **49/2013:** Krippner L, August 2013, A tractable framework for zero-lower-bound Gaussian term structure models
- **48/2013:** Tyers R, August 2013, Looking Inward for Transformative Growth in China
- **47/2013:** Day C, August 2013, Skill Composition, Fertility and Economic Growth
- **46/2013:** Neuenkirch M, Siklos PL, July 2013, What's in a Second Opinion? Shadowing the ECB and the Bank of England
- **45/2013:** Teranishi Y, July 2013, Smoothed Interest Rate Setting by Central Banks and Staggered Loan Contracts
- **44/2013:** Tyers R, July 2013, International Effects of China's Rise and Transition: Neoclassical and Keynesian Perspectives
- **43/2013:** Arslanalp S, Liao Y, July 2013, Contingent Liabilities and Sovereign Risk: Evidence from Banking Sectors
- **42/2013:** Chiarella C, Di Guilmi C, July 2013, Monetary Policy and Debt Deflation: Some Computational Experiments
- **41/2013:** Kim H, Fujiwara I, Hansen BE, Ogaki M, July 2013, Purchasing Power Parity and the Taylor Rule
- **40/2013:** Spicer A, Stavrunova O, Thorp S, June 2013, How Portfolios Evolve After Retirement: Evidence from Australia

CAMA research associate recent publications

Climate Change and Energy program:

- **Burke PJ.** 2013. "The National-Level Energy Ladder and its Carbon Implications." *Environment and Development Economics* 18(4): 484-503.
- **Lu Y, Stegman A, Cai Y.** "Emissions intensity targeting: From China's 12th Five Year Plan to its Copenhagen commitment" *Energy Policy* 61 (2013) 1164–1177
- **Janda K, Prusa J, Klimesova A.** "Consumer Loss in Czech Photovoltaic Power Plants in 2010-2011." *Energy Policy*, forthcoming.

The Finance and the Macroeconomy program:

- **Smith P, Clare A, Seaton J, Thomas S.** "Trend following, risk parity and momentum in commodity futures", *International Review of Financial Analysis*, 2013, forthcoming.
- **Smith P, Clare A, Seaton J, Thomas S.** "Breaking into the blackbox: trend following, stop losses and the frequency of trading: the case of the S&P 500", *Journal of Asset Management*, 2013, forthcoming.

Macroeconomic Policy Frameworks program:

- **Fujiwara I, Nakajima T, Sudo N, Teranishi Y,** 2013. "Global Liquidity Trap". *Journal of Monetary Economics* 60(8)
- **Fujiwara I, Hirose Y.,** "Indeterminacy and Forecastability", *Journal of Money, Credit and Banking*, forthcoming.
- **Fujiwara I, Koerber L, Nagakura D,** 2013. "Asymmetries in Government Bond Returns", *Journal of Banking and Finance* 37(8).
- **Fujiwara I, Kozo U,** 2013. "Fiscal Multipliers and Spillovers under Global Liquidity Trap", *Journal of Economic Dynamics and Control* 37(7)
- **Fujiwara I, Ichiue H, Nakazono Y, Shigemi Y,** 2013. "Financial Markets Forecasts Revisited: Are They Rational, Herding or Bold?", *Economics Letters* 118(3)
- **Makin A, Narayan P.** 2013. "Has International Borrowing or Lending Driven Australia's Net Capital Inflow?", *International Review of Economics and Finance* 27, 134-143.
- **Makin A, Narayan P.** 2013. "Re-examining the 'Twin Deficits' Hypothesis: Evidence from Australia" *Empirical Economics* 45,817-829.

Seminars and others

The Finance and the Macroeconomy program:

- **Siklos P,** "Inflation Forecasts in Asia and the Pacific: Performance, Disagreement, and Spillovers". BIS Research Conference, September 22-23, 2013 in Beijing.

Obituary



Photo: Don Hogan Charles
The New York Times

It is very sad that one of CAMA's original supporters and founding member of the CAMA Advisory Board, Professor Lawrence Klein passed away on Sunday (20/10) aged 93. Professor Klein won the Nobel Prize in Economics in 1980 "for the creation of econometric models and their application to the analysis of economic fluctuations and economic policies." He was a giant in the field of economic modeling and remained very productive in the latter part of his career.

On a personal note, Professor Klein was a great mentor to me when I embarked on the field of constructing large scale global economic models in the mid 1980s. He discussed several of my papers at conferences and in 1995 we edited a book together with Dr Fu Chen Lo on "Arms Reduction: Economic Implications in the Post Cold War Era". Professor Klein was a wonderfully kind person with an outstanding intellect. As one of the fathers of economic modeling he was a great inspiration to generations of macroeconomic modelers from all corners of the globe.

Professor Lawrence Klein will be greatly missed but has left an enduring legacy in both his contributions to economic knowledge and in the wonderful examples he set on how to mentor younger scholars.

Warwick J. McKibbin
Professor of Public Policy
CAMA, Crawford School of Public Policy
22 October 2013