



TRAINING COURSE

CREDIT AND THE MACROECONOMY: LEVERAGE CYCLES, ASSET PRICES AND CRISIS

Organised by: The Florence School of Banking and Finance

Course Instructor:

Moritz Schularick | University of Bonn and CEPR

Teatro

Badia Fiesolana, Via dei Roccettini, 9 - San Domenico di Fiesole

19-20 APRIL 2018

- Moritz Schularick and Alan Taylor, [Credit Booms Gone Bust: Monetary Policy, Leverage Cycles, and Financial Crises](#), American Economic Review, 2012, Vol. 102 N.2, Pages 1029-1061.
- Òscar Jordà, Moritz Schularick, and Alan Taylor, [Macrofinancial History and the New Business Cycle Facts](#), NBER Macroeconomic Annual, 2017.
- Bjoern Richter, Moritz Schularick, Paul Wachtel, [When to Lean Against the Wind](#), CEPR Discussion Paper No. 12188, 2017.
- Oscar Jorda, Bjoern Richter, Moritz Schularick, Alan Taylor, [Bank Capital Redux](#), NBER Working Paper No. 23287, 2017.
- Òscar Jordà, Moritz Schularick, and Alan Taylor, [The Great Mortgaging: Housing Finance, Crises, and Business Cycles](#), Economic Policy, 2016, Vol. 31, Issue 85, Pages 107-152.
- Òscar Jordà, Moritz Schularick, and Alan Taylor, [Betting the House](#), Journal of International Economics, 2015, Vol. 96, Supplement 1, Pages S2-S18.
- Òscar Jordà, Moritz Schularick, and Alan Taylor, [Leveraged Bubbles](#), Journal of Monetary Economics, 2015, Vol. 76, Pages S1-S20.

■ PROGRAMME

19 APRIL

09.00 - 09.15 Welcome by **Pierre Schlosser** | Florence School of Banking and Finance

09.15 - 11.00 **Session 1: Leverage and the macroeconomy: an introduction**

- Long-run trends and main questions
- Financial factors and the business cycle
- International financial cycles

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 2: Financial instability: causes**

- Causes of financial crises: what do we know?
- Models, measures, methods
- Tools for testing predictive ability of early warning models

13:00 - 14.00 *Lunch*

14.00 - 15.30 **Session 3: Crisis prediction**

- Introduction to first STATA exercise: modelling financial instability risk
- Testing and comparing models, indicators and out-of-sample prediction performance
- Presentation of results and discussion

15.30 - 16.00 *Coffee break*

16.30 -17.30 **Session 4: The costs of financial crises**

- The output costs of crises and their determinants
- Introduction to local projection method
- STATA exercise: local projections to estimate output costs of crises
- Presentation of results and discussion

20 APRIL

09.30 - 11.00 **Session 5: Taming the financial cycle: introduction**

- What to do about credit booms?

- Can policy makes distinguish between good and bad credit booms?
- Identification of effects and the calibration of policy tools

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 6: The effects of monetary policy**

- Identifying monetary policy shocks: IV strategies
- Local projections: the effects of monetary policy
- Practical exercise, presentation of results and discussion

13.00 - 14.00 *Lunch*

14.00 -15.30 **Session 7: The effects of macroprudential policy**

- Measuring macro-prudential shocks and their effects
- What are the costs? Estimating the effects of macroprudential policy on output and inflation
- Practical exercise, presentation of results and discussion

15.30 - 16.00 *Coffee break*

16.00 - 17:15 **Session 8: International financial cycles**

- Dilemma, not Trilemma? International co-movement of risk premia
- Does Fed policy affect global risk taking?
- Practical exercise, presentation of results and discussion

16.30 - 17.00 **Concluding remarks**