



Finance and Economics Discussion Series: Reset Price Inflation and the Impact of Monetary Policy Shocks

By Mark Bills

Bibliogov, United States, 2013. Paperback. Book Condition: New. 246 x 189 mm. Language: English . Brand New Book ***** Print on Demand *****.A standard state-dependent pricing model implies very limited scope for using active monetary policy to stabilize real activity. Two modeling strategies which expand the role of monetary policy are time-dependent pricing and strategic complementarities between price-setting firms. These mechanisms have telltale implications for the persistence and volatility of reset price inflation. Reset price inflation is the rate of change of all desired prices (including for goods that have not changed price in the current period). Using the micro data underpinning the CPI, we construct an empirical measure of reset price inflation and use this measure to assess the validity of the modeling approaches. We find that time-dependent models imply unrealistically high persistence and stability of reset price inflation. This discrepancy is exacerbated by adding strategic complementarities, even under state-dependent pricing. A state-dependent model with no strategic complementarities aligns most closely with the CPI data.



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Reviews

I actually started looking over this publication. It really is rally interesting throgh studying period. Once you begin to read the book, it is extremely difficult to leave it before concluding.

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Good electronic book and valuable one. It really is basic but unexpected situations in the 50 percent in the pdf. You wont really feel monotony at at any moment of your time (that's what catalogues are for concerning when you ask me).

-- **Elisa Reinger**