

Federal Reserve Bank of Chicago

Academic Advisory Council Meeting Preliminary Agenda

May 20, 2022

10:00 a.m. – 2:00 p.m. CDT

The meeting follows a model similar to our recent meetings, with the discussion organized into blocks. We will first go around the participants in the block to give a few comments on the questions they selected (please keep these remarks to 10 minutes per speaker); please feel free to comment on a different block's topic, too, if you are interested. At the end of each block's go-around, we will have some time for Q&A and discussion by the entire group. This should take us through the 10:00 – 12:00 portion of the program. We'll then adjourn to lunch for a discussion of the economic and policy environment.

The meeting follows Chatham House rules – particulars of the communications guidelines are at <https://www.chicagofed.org/people/academic-advisory-council>.

AGENDA

10:00 – 10:10 **Coffee, welcome and logistics**

10:10 – 10:35 **Financial Markets and Housing**
Jan Eberly, Anil Kashyap

10:35 – 11:00 **Labor Markets**
Rob Shimer, Karin Kimbrough

11:00 – 11:10 **Break**

11:10 – 11:30 **Inflation**
Bob Gordon

11:30 – 12:00 **Monetary Policy**
Jan Hatzius, Randy Kroszner

12:00 – 2:00 **Lunch**

Members of the Panel

Jan Eberly	Northwestern University
Robert Gordon	Northwestern University
Jan Hatzius	Goldman Sachs
Anil Kashyap	University of Chicago
Karin Kimbrough	LinkedIn
Randy Kroszner	University of Chicago
Rob Shimer	University of Chicago

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Charles Evans
Dan Aaronson
Gene Amromin
Gadi Barlevy
Jane Dokko
Bart Hobjin
Spencer Krane
Anna Paulson
Dan Sullivan
Jing Zhang

Discussion Questions

Supply chains and trade:

What are the largest remaining stumbling blocks to resolving supply-chain disruptions? How do you see them being worked out and how long will it take?

How do you read the evidence concerning longer-lasting changes in supply chains or logistic infrastructure?

How do you think this will affect firms' cost structures?

What is your take on trade-flow disruptions and sanctions due to Russia's invasion of Ukraine? How much of an impact do you think they will have on activity and inflation in the U.S.? On Europe?

Are we at the beginning of a strong trend towards deglobalization? If so, how far do you think it will go?

Labor markets:

Has the performance of the labor market over the past 6 months changed any of your views about the outlook for labor force participation -- over either the near, medium or long-runs?

Why have vacancies and quits remained so high? Is something awry with the matching process? Have there been changes in the ways firms post vacancies or other measurement issues that confound comparisons across time in the JOLTS data?

What is your reading on real wage growth and labor's share? What inferences for labor market adjustment and inflationary pressures should we be drawing from those measures?

What is the relationship between labor market tightness and potential GDP?

Inflation:

What relationships are you seeing today between inflation, wages changes, and productivity growth?

What models or analytical frameworks do you find most useful for assessing the current outlook for inflation? Which data do you find most informative for your assessments? How has your thinking on these evolved since prior to the pandemic?

How would you rank the importance of pandemic-related supply factors versus overall strength in aggregate demand in generating today's inflation? How about their importance in bringing inflation back down?

How do you assess the relative importance of short, medium, and long-term inflation expectations in assessing the outlook for inflation? Why do you think survey measures of long-run inflation expectations and breakeven inflation rates in financial markets have remained contained? Are you seeing any changes in wage and price-setting behavior or investor positioning in financial markets that signal a breakout in long-run inflation expectations may be coming soon?

Finance:

Did the large change in monetary policy expectations (including QT announcements) since we last met result in any notable stresses in market functioning? How have financial market participants re-positioning investment positions in light of the changes in policy expectations?

What is your overall assessment of current financial conditions? Have the changes been consistent with the changes in monetary policy expectations? Do you see any important differences between conditions and activity in credit markets, banks, and non-bank lenders?

Have changes in financial conditions had any impact on real activity yet (e.g. have higher mortgage rates had an influence on housing yet)?

What have been the most important implications for financial markets of the Russian invasion of Ukraine and the associated sanctions on Russia?

What items should have the highest priority on the financial regulatory docket over the next few years?

Monetary policy:

Given current conditions, please explain where you think the funds rate ought to be at the end of 2022 and what would be your path for getting there? How would you communicate those policy plans today? How is this path informed by your views on r^* ? How does risk management enter your calculus about the future path for rates?

What will it take for the Fed to be successful in achieving a soft landing?

What's your assessment of the long-run equilibrium federal funds rate and has it changed from your thinking prior to the pandemic? Why or why not?

How would you rate Fed policy communications since we last met?