



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
BERGHEIMER STR. 58, 69115 HEIDELBERG, TEL. 06221/54-2941
REDAKTION: FREYA SCHADT, EMAIL: NEWSLETTER@AWI.UNI-HEIDELBERG.DE

Upcoming Seminars

Monday, 29.11.2021

Departmental Seminar

13.30-14.30

Christoph Görtz, University of Birmingham

Via Zoom-meeting

"Is there News in Inventories?"

(host: Zeno Enders)

Abstracts

Departmental Seminar

Christoph Görtz

"Is there News in Inventories?"*

We identify total factor productivity (TFP) news shocks using standard VAR methodology and document a new stylized fact: in response to news about future increases in TFP, inventories rise and comove positively with other major macroeconomic aggregates. We show that the standard theoretical model used to capture the effects of news shocks cannot replicate this fact when extended to include inventories. We derive the conditions required to generate a procyclical inventory response by using a wedges approach. To explain the empirical inventory behavior, we consider two potential mechanisms, of which the presence of knowledge capital accumulated through learning-by-doing is preferred based on Bayesian estimation. The desire to take advantage of higher future TFP through knowledge capital drives output and hours choices on the arrival of news and leads to inventory accumulation alongside the other macroeconomic variables. The broad-based comovement a model with knowledge capital can generate supports the view that news shocks are an important driver of aggregate fluctuations.

*with Christopher Gunn and Thomas A. Lubik

New Publications

The paper "The role of information and experience for households' inflation expectations" by Christian Conrad, Zeno Enders, and Alexander Glas was accepted for publication by the *European Economic Review*.

Editorial deadline for issue 23/2021 of the newsletter:
Wednesday, 1.12. 2021, 12 p.m.
newsletter@awi.uni-heidelberg.de