Conference Price-setting and inflation
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Panel Session
Low inflation: recent evidence and policy issues

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Some issues

• Inflation low in **the euro area**, controlling for oil shocks
  
  Related concerns in **Japan** and **the US** [Fig.1]

• Causes of persisting low inflation (following “missing disinflation” puzzle US and EA in 2008-2010):
  - Oil prices? FX pass-through (or lack of)?
  - Expectations de-anchoring?
  - Structural factors (globalization, decline of the labor share, frequency of price changes [Fig.2] ...)

• Monetary policy and low inflation
  - Rates at the ZLB/ELB. Unconventional policies (QE, FG) [Fig.3]
  - Issues with transmission channels and UMP effectiveness
Low inflation

Headline Inflation

Core Inflation

US (PCE deflator) Japan (CPI) 
EA (HICP) France (HICP)

( y-o-y, %)
Slope of EA Phillips Curve

Rolling regressions on eight-years windows for the Euro area
Medium-term coefficient of the output gap
(in annual terms)

Frequency of price changes from CPI micro price data

Source: Chatelais, De Gaye, Kalantzis (2015)

Source: Berardi, Gautier (2015)
Main Policy Rates (%)

Balance sheets of main central banks
(ratios assets/gdp, %)

Sources: OECD, ECB, FED, BoJ

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