

The Research Centre of the School of Economics and Business in cooperation with the
Bank of Slovenia
cordially invites you to a research seminar
on **Wednesday, 25 February, at 13:00 CET in room P-119**
at the School of Economics and Business

Benjamin Golež (University of Notre Dame, USA)

will present the article:

Fed Information Effects: The Inflation Channel

Do investors extract signals about near-term inflation from Federal Reserve policy decisions? We develop a model of the equity term structure in which a hawkish surprise signals elevated inflation, thereby raising both expected inflation and the risk premia of short-term assets. Using high-frequency dividend strip data around FOMC announcements, we document a regime change between the pre-COVID period (2004-2020) and the post-COVID period (2021-2025). Before COVID, short-term equity responded positively to monetary policy surprises and predicted near-term dividend growth, but not inflation – consistent with growth information effects documented in prior work. After COVID, these patterns reverse—as predicted by our model: short-term equity loads negatively on monetary policy surprises and predicts near-term inflation but not dividend growth. Predictability is concentrated in the reaction to the target rate announcement rather than the press conference that follows, suggesting that investors extract inflation signals from the Fed’s actions rather than its words. Our findings indicate that the content of Fed information effects is regime-dependent, shifting from growth to inflation as macroeconomic uncertainty evolves.

We look forward to welcoming you at the seminar.