

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, 23th October 2019**
at **13:00** in room **P-119**
at **the School of Economics and Business, University of Ljubljana**

Author:

Miloš Božović, PhD
Faculty of Economics University of Belgrade
will present the article

“Monetary policy and price bubbles: an experimental study”

“This paper examines the impact of monetary policy and predictability of cash flows on bubble formation. We design an experimental setup with two different levels of the risk-free interest rate: representing expansionary and contractionary monetary policy. Apart from borrowing and lending at the risk-free rate, participants could trade two types of stocks that differ only in parameters of stochastic process that generates their dividends. For the first stock, dividends follow a simple diffusion, while for the second one they follow a diffusion process with low-frequency Poisson jumps. We use Engle-Granger procedure to test for cointegration between the time series of simulated dividends and the corresponding market-clearing prices obtained experimentally. We also calculate standard experimental bubble measures. The results based on cointegration tests indicate that bubbles are most likely to occur for the asset with more uncertain dividends. On the other hand, contractionary monetary policy does not seem to be efficient in preventing experimental bubbles. Deviation measures corroborate these findings.”

You can register for the free seminar by phone (01) 58-92-489, or via e-mail:
research.seminars@ef.uni-lj.si by Tuesday, 22nd October 2019.

You can find all information regarding future research seminars on following link: [http://www.ef.uni-lj.si/raziskovanje/seminarji in konference](http://www.ef.uni-lj.si/raziskovanje/seminarji_in_konference)

We look forward to seeing you!