

Inflation-Indexed Securities and Inflation Risk Management

A conference organized by Tobias Adrian, John Y. Campbell, Frank Keane

Federal Reserve Bank of New York
33 Liberty Street, New York, NY 10045
12th Floor Conference Room

Tuesday, February 10, 2009

Overview

Inflation-indexed securities such as TIPS have become increasingly important instruments for investors, policy makers, and treasury departments. Moreover, the market in inflation derivatives has been growing. While TIPS are young compared to inflation-indexed markets in some other countries, data on TIPS now provide researchers with a history spanning over a decade, allowing deeper analysis of fundamental questions in macro-finance, pricing, and risk management. The conference brings together experts in inflation pricing and hedging, inflation-indexed issuer asset-liability management, and macroeconomics. A highlight of the conference will be the panel consisting of leading academics, current and former Federal Reserve and Treasury officials, and practitioners, discussing the welfare implications of inflation-protected securities.

Agenda

- 8:00 a.m. Breakfast and Registration, 12th Floor Conference Center
- 9:00 a.m. The Case for TIPS
William Dudley, Federal Reserve Bank of New York
- 9:20 a.m. **Session 1: TIPS Liquidity and Announcement Effects**
Chair: Brian Sack, Macroeconomic Advisers
- The Microstructure of the TIPS Market
Michael Fleming, Federal Reserve Bank of New York
Neel Krishnan, Option Arbitrage Fund
- Discussant: Dariush Mirfendereski, UBS Investment Bank
- 10:10 a.m. The High-Frequency Impact of News on Long-Term Yields and Forward Rates: Is It Real?
Meredith Beechey, Board of Governors of the Federal Reserve System
Jonathan Wright, Johns Hopkins University
- Discussant: Thomas Philippon, New York University
- 11:00 a.m. Coffee Break

11:30 a.m. **Session 2: Panel Discussion on the Welfare Implications of Inflation-Protected Securities**

Chair: Tobias Adrian, Federal Reserve Bank of New York

John Y. Campbell, Harvard University

Joseph Davis, Vanguard

James Clouse, Federal Reserve Board

Peter Fisher, BlackRock

Mihir Worah, PIMCO

1:00 p.m. Lunch, Liberty Room, 1st Floor

2:30 p.m. **Session 3: The Inflation Risk Premium**

Chair: Robert Engle, New York University

Estimating Real and Nominal Term Structures Using Treasury Yields, Inflation, Inflation Forecasts, and Inflation Swap Rates

Joseph Haubrich, Federal Reserve Bank of Cleveland

George Pennacchi, University of Illinois at Urbana-Champaign

Peter Ritchken, Case Western Reserve University

Discussant: Mikhail Chernov, London Business School

3:20 p.m. Inflation Risk Premia in the U.S. and the Euro Area

Peter Hördahl, Bank for International Settlements

Oreste Tristani, European Central Bank

Discussant: Marc Giannoni, Columbia University

4:10 p.m. **Session 4: Inflation Risk Management**

Chair: Michael Pond, Barclays Capital

Inflation-Hedging Properties of Real Assets and Implications for Asset-Liability Management Decisions

Noel Amenc, EDHEC Business School

Lionel Martellini, EDHEC Business School

Volker Ziemann, EDHEC Business School

Discussant: Jessica Wachter, University of Pennsylvania, Wharton

5:00 p.m. Reception, Liberty Room, 1st Floor

6:00 p.m. Adjourn