

1. Chahad, M., Hofmann-Drahonsky, A. C., Page, A., Tirpák, M., & Meunier, B. (2022). What explains recent errors in the inflation projections of Eurosystem and ECB staff?. *Economic Bulletin Boxes*, 3.

According to the article, Eurosystem and European Central Bank staff inflation projections have substantially underestimated the surge in inflation from the first quarter of 2021 until the first quarter of 2022 due to unforeseen and exceptional developments such as unprecedented energy price dynamics and supply bottlenecks. The authors reveal that the deterioration of projection accuracy has mainly occurred since the third quarter of 2021. The study provides an overview of inflation projections from different central banks and private forecasters and how they all underestimated inflation during 2021 and the first quarter of 2022. The article argues that the notable increase in energy prices was largely unexpected by market participants and that technical assumptions and related energy inflation errors played an essential role in recent inflation underestimations. Finally, the article concludes that a better understanding of the complex and interconnected factors that drive inflation dynamics is needed to improve inflation forecasting accuracy in a period characterized by extreme volatility in economic developments.

2. Coleman, W., & Nautz, D. (2023). Inflation target credibility in times of high inflation. *Economics Letters*, 222, 110930. <https://doi.org/10.1016/j.econlet.2022.110930>.

This article analyzes the inflation expectations of German consumers and the credibility of the European Central Bank's (ECB) inflation target during a period of high inflation using a representative online survey. They find that the credibility of the ECB's inflation target has trended downwards since the summer of 2021 and reached an all-time low in April 2022. The high correlation between inflation expectations and the actual inflation rate indicates that expectations have been de-anchored from the inflation target. Study shows that German consumers increasingly agree about the low credibility of the inflation target. Respondents who claim not to know the range of the annual inflation rate over the medium term have decreased. The authors use survey data from Civey, Germany's largest company, for online surveys across over 25,000 partner websites. The sample consists of approximately one million German citizens. The article provides important insights into the inflation expectations of households and their impact on the credibility of a central bank's inflation target.

3. Grauwe, P. D. (2019). Green money without inflation. *Vierteljahrshefte zur Wirtschaftsforschung*, 88(2), 51-54.

Grauwe examines the possibility of using money created by the European Central Bank (ECB) to finance environmental investments without creating inflation. The author explains that the ECB creates money by buying financial assets in the market, typically bonds issued by governments and corporations. The ECB could replace its old bonds with new "environmental bonds" issued to finance environmental projects. Without creating new money, this would only reorient money flows toward environmental projects, and therefore no additional inflation risk. However, this would require the ECB to be involved in deciding which environmental investments should have priority, a role that some argue should be left to political authorities. Grauwe suggests that the European Investment Bank (EIB) could issue bonds to finance environmental investments, with guidelines set by political authorities. The ECB could buy EIB bonds at a pace dictated by the expiration of its old bonds. The author concludes that the ECB could print "green money" without fueling inflation and that objections about the ECB overstepping its mandate are unjustified.