

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 Chahad et al. (2022), Eurosystem and European Central Bank staff inflation projections have substantially underestimated the surge in inflation. Unforeseen developments such as unprecedented energy price dynamics and supply bottlenecks are one of the main reasons. Multiple central banks and private forecasters could not accurately predict inflation levels during 2021 and the first quarter of 2022. The significant rise in energy prices primarily caught market participants off guard. Technical assumptions and related energy inflation errors also played an essential role in recent underestimations. A better understanding of the complex and interconnected factors that drive inflation is needed to improve inflation forecasting accuracy. Especially in a period characterized by extreme economic volatility. However, the study could improve on providing an analysis of the potential implications of the underestimation of inflation projections, such as the impact on monetary policy or consumer behavior.

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>.

In a time of increased inflation, Coleman and Nautz (2023) examine the trustworthiness of the European Central Bank's (ECB) inflation target and the inflation expectations of German consumers. Civey, Germany's largest online survey company, collected data from approximately one million German citizens through a representative online survey. 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. A correlation between inflation expectations and the actual inflation rate indicates that expectations have been de-anchored from the inflation target. Respondents who claim not to know the range of the annual inflation rate have decreased. Insights suggest that households' inflation expectations significantly influence the trustworthiness or reliability of a central bank's inflation target. Potential limitations of the article using a survey include self-selection bias and the probability of survey respondents to give socially desirable answers.

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

Grauwe (2019) examines the possibility of using money created by the European Central Bank (ECB) to finance environmental investments without generating inflation. Creating money by the ECB involves buying financial assets from the market, specifically bonds issued by corporations and governments. To finance environmental projects, the ECB could issue new "environmental bonds" to replace existing bonds. Without creating new money, this would only reorient money flows toward environmental projects, and therefore no additional inflation risk. However, the process would require the ECB to decide which investments should have priority, a role that some argue should be left to political authorities. European Investment Bank (EIB) could issue bonds to finance environmental investments, with guidelines set by government officials. The ECB could buy EIB bonds at a pace dictated by the expiration of its old bonds. Ultimately, printing "green money" by the ECB would not necessarily result in inflation, and objections regarding the ECB overreaching its mandate lack justification.