

Banka Slovenije
in cooperation with
the Research Centre of the School of Economics and Business
invites you to a seminar

Evaluating Inflation Forecasts in the Euro Area and the Role of the ECB

Author and speaker:
Francesco Roccazzella
**Assistant Professor of Finance at IÉSEG School of Management in Lille and
an Associate Researcher at LEM-CNRS**

The seminar will be held in the
Great Hall of Banka Slovenije
on Tuesday, 1 July 2025 at 10:00

Abstract:

This paper evaluates the informative value of the ECB inflation forecasts vis-à-vis other institutional and model-based forecasts in the euro area using ex post optimal combinations of forecasts and nonnegative weights. From a methodological perspective, we adapt the corresponding forecast encompassing test to the constrained parameter space, showcasing its superior performance over traditional encompassing tests in both size and power properties. Empirically, the combining weights and the forecast encompassing test reveal that the ECB was the most informative forecaster of euro area inflation over the 2009–2021 period. This changed in 2022: The ECB lost its position as the most informative forecaster, and when using rolling windows to estimate the combining weights using a rolling window, we find an important decline in the ECB's weight over time. This time dependency can be associated with the economic environment and, in particular, the level of uncertainty, the monetary policy, and the macro-financial conditions in which the ECB operates.

About the author:

Francesco Roccazzella is an Assistant Professor of Finance at IÉSEG School of Management in Lille and an Associate Researcher at LEM-CNRS. He is also a member of the IQuant research group in Quantitative Finance. His research focuses on macroeconomic forecasting, financial market interdependence, and credit risk modeling, with recent work integrating climate risk into Loss Given Default (LGD) models. His articles have appeared in the European Journal of Operational Research, Journal of Forecasting, International Journal of Forecasting, and Journal of International Money and Finance. He holds a PhD in Quantitative Economics from Université catholique de Louvain (Belgium), completed under the European Doctoral Program, with a research stay at Universitat Pompeu Fabra (Spain). His current projects investigate bond risk premia predictability and short- and long-term interdependence across asset classes.

How to sign up:

To sign up for the seminar, please send an email to seminar@bsi.si. You can sign up by Friday, 27 June 2025. The seminar will be held in English.