

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

***What drives the recent surge in inflation? The historical decomposition roller coaster***

Co-author and speaker:  
**Fabio Canova**  
**BI Norwegian Business School**

The seminar will be held in the  
**Great Hall of Banka Slovenije**  
**on Thursday, 14 March 2024 at 14:00 CEST**

**Abstract:**

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What drives the current inflation surge? To answer, one must decompose observable inflation fluctuations into the contributions due to structural shocks. Canova and co-authors document how whimsical an historical shock decomposition can be in standard vector autoregressive models. Neglecting the uncertainty surrounding the deterministic components implies an erratic behaviour for shocks over history under general conditions. Authors' favourite approach to solve the problem, the single-unit-root prior, massively shrinks the uncertainty around the deterministic components. Authors show that demand shocks are unambiguously the main drivers of the inflation surge in the United States, the euro area and four small open economies.

**About the author:**

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Fabio Canova is a professor of macroeconomics at the Norwegian Business School, Research associate with the Centre for Applied Macroeconomics and Petroleum Studies and the CEPR. He is also program director of the Budapest School of Central Bank Studies, and a member of the scientific committee of the Euro Area Business Cycle network. He has been affiliated with several distinguished universities and scientific associations. In 2017, he was awarded a honorary professorship from Henan University in China. Professor Canova has rich experience in consultancy and/or providing training at central banks and international institutions, including European Central Bank, Bank of England, Bank of Italy, Bundesbank, Bank of Spain, Swiss National Bank, International Monetary Fund, and European commission. He has published over 90 articles in leading academic journals and his graduate textbook, *Methods for Applied Macroeconomic Research*, has been published in 2007 by Princeton University Press. Professor Canova holds a PhD in Economics from the University of Minnesota.

**How to sign up:**

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To sign up for the seminar, please send an email to [seminar@bsi.si](mailto:seminar@bsi.si). You can sign up by Tuesday, 12 March 2024. The seminar will be held in English.