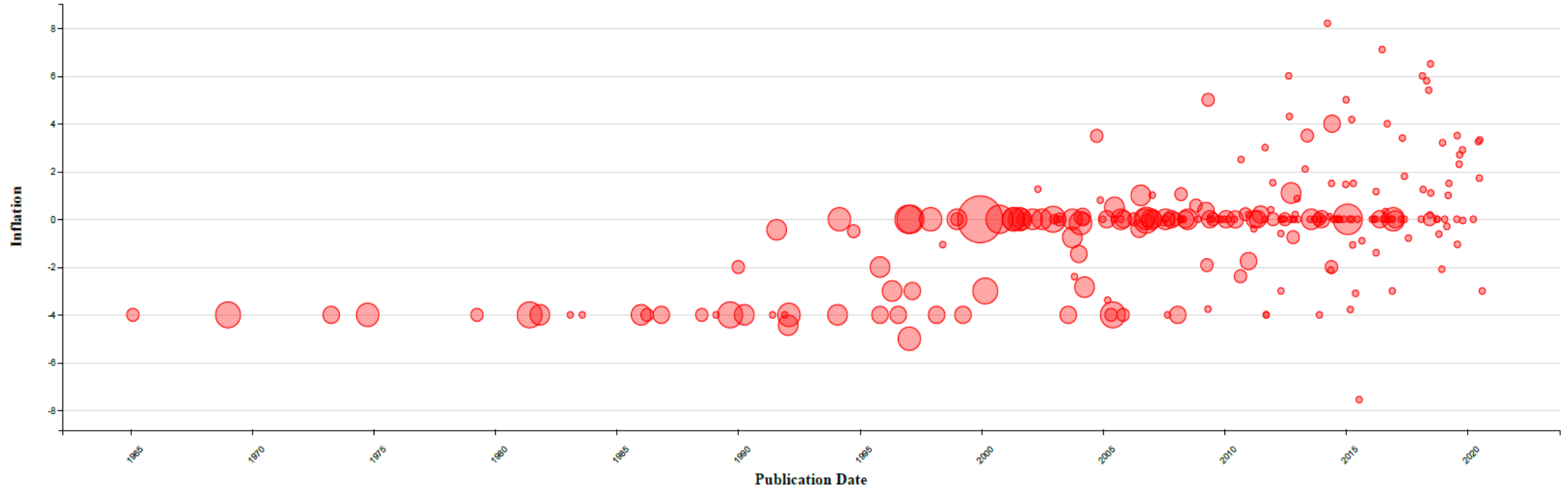


1. Existing estimates of optimal inflation
2. Optimal inflation and product-level productivity trends
3. Suboptimal inflation and excess price dispersion

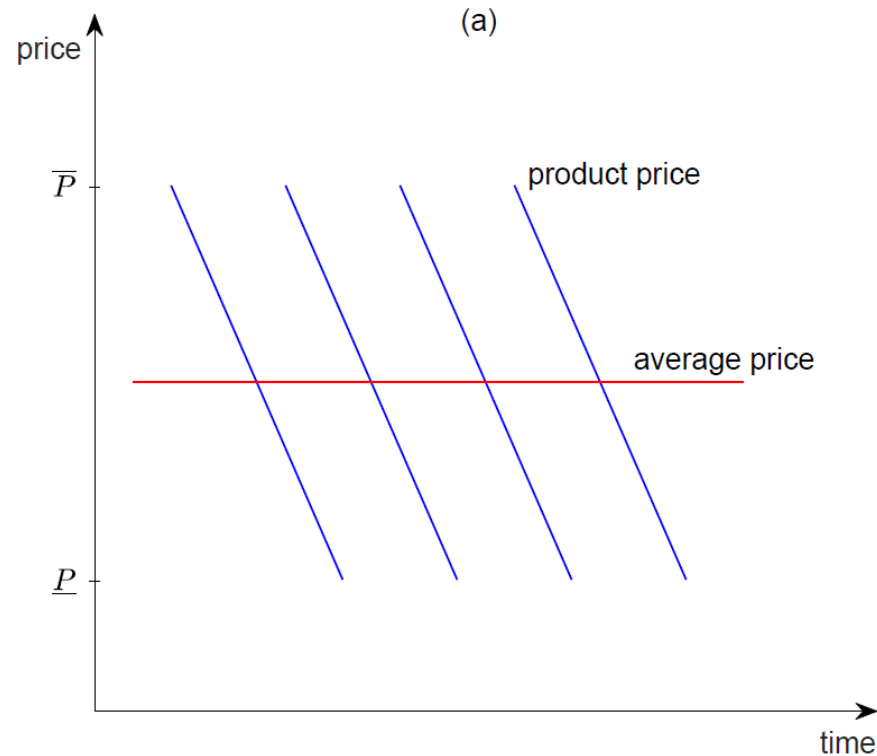
Disclaimer: The opinions and views expressed in this presentation are those of the author and do not necessarily reflect the views of the ECB, the Deutsche Bundesbank or the Eurosystem.

Existing estimates of optimal inflation

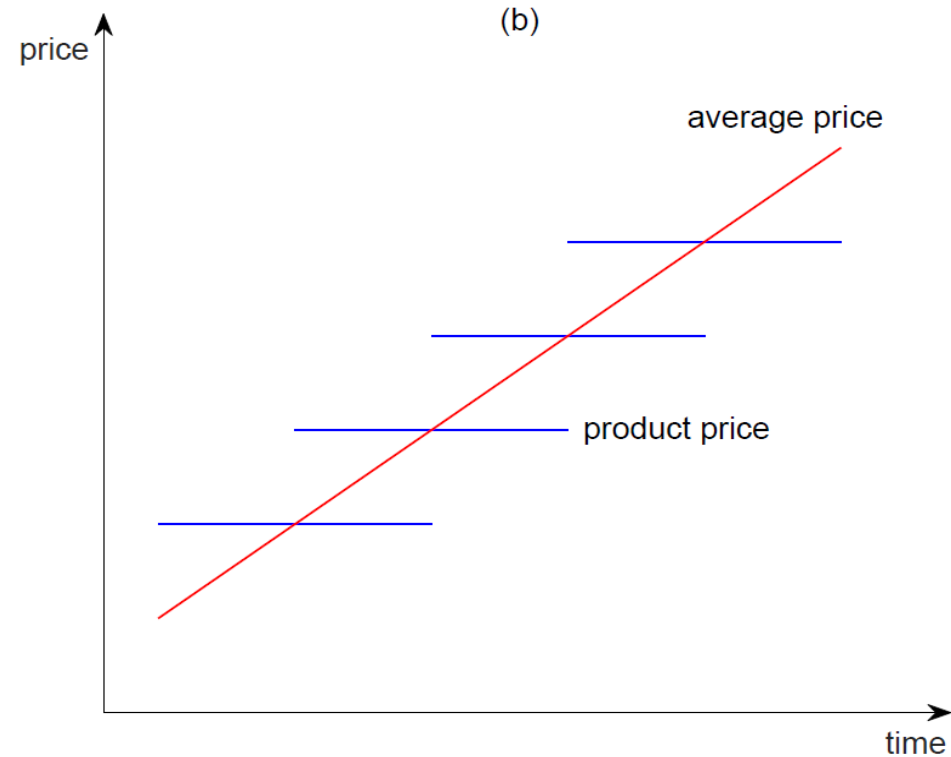


Source: Anthony Diercks and Cole Langlois, 2019: “The Reader's Guide to Optimal Monetary Policy”

Zero inflation

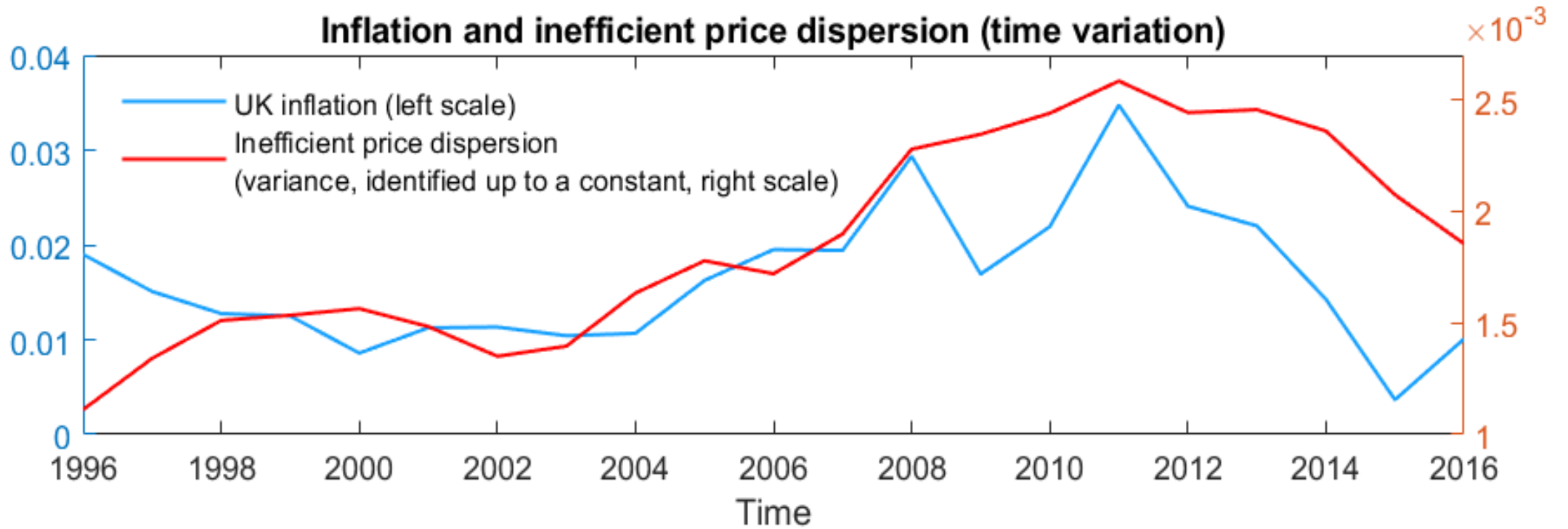


Positive inflation



Source: “Estimating optimal inflation from trends in relative prices”, with Klaus Adam (2023)

Estimated U.K. optimal inflation with product dynamics btw 1.5 - 2.5%



Source: “Inflation distorts relative prices,” with Klaus Adam and Andrey Alexandrov (2023)