

## Recent research stays at the OeNB's Foreign Research Division

### **Riikka Nuutilainen (Bank of Finland Institute for Economies in Transition – BOFIT)**

Under the exchange and cooperation framework of the OeNB's Foreign Research Division and the Bank of Finland Institute for Economies in Transition (BOFIT), Riikka Nuutilainen from BOFIT spent five weeks as a guest researcher at the OeNB from May 18 to June 16, 2015. During her research visit, she worked on a research project about contemporary monetary policy in Russia and the central bank's ongoing shift toward inflation targeting.

Her research utilizes the monetary policy rules literature to analyze the Bank of Russia's policy reactions. Nuutilainen finds that contrary to earlier literature findings, Taylor-type interest rate rules are better able to describe the current monetary policy in Russia than McCallum-type money supply rules. In addition, based on the estimation results, an evaluation of the relative trade-off between policy objectives can be carried out. This trade-off between inflation stabilization and output stabilization has changed over the estimation period from January 2002 to February 2015. In the earlier years of the sample, the central bank put more emphasis on inflation stabilization relative to output stabilization, whereas in the most recent years, output stabilization can be seen to have become the main concern also for the Bank of Russia.

Nuutilainen presented the empirical findings of her research and views about Russia's move from exchange rate policy toward inflation targeting at the OeNB's 77<sup>th</sup> East Jour Fixe "Russia: economic turmoil and policy options" held on May 29, 2015.

Riikka Nuutilainen joined BOFIT in 2014. The primary focus of her research is on the Chinese economy, especially monetary policy implementation and transmission in China. She is currently finalizing her PhD thesis.

### **Marcela Veselkova (Slovak Governance Institute)**

Under the OeNB's Visiting Research Program, Marcela Veselkova, Research Fellow at the Slovak Governance Institute in Bratislava, spent three months as a guest researcher in the OeNB's Foreign Research Division from April 15 to July 15, 2015. During her stay, she estimated returns to education in Slovakia over the period 2009–2014 using a pseudo-panel approach. She shared first findings of her research at an internal OeNB seminar. In her analysis, Veselkova used a random sample from the dataset collected by Trexima, Bratislava. In the final quarter of 2014, the sample covered approximately 45% of all employees in Slovakia. The returns to education were estimated using standard Mincerian wage equations, which regress log nominal wages on the years of schooling, experience and experience squared. The results show that private returns to schooling are positive and the sample average is around 9% per year of schooling. Estimated returns to schooling are higher for women than for men and they are heavily influenced by occupation and industry. These findings are in line with previous literature.

Marcela Veselkova is currently a Research Fellow at the Slovak Governance Institute in Bratislava, where she has contributed to two European Commission-funded research projects on labor markets.