

Course on Rational Inattention, May 25

10-11.40 **Introduction and RI with quadratic objectives and normal uncertainty**

- Basic ideas, motivation, and overview of what is to come later during the day
 - Simple static model, notes will be provided
 - Applications in finance
 - Dynamic macro
 - Research presentation: Peter Zorn (Goethe University Frankfurt)
1. Sims, Christopher A. (2003). "Implications of Rational Inattention." *Journal of Monetary Economics* 50 (3): 665–90.
 2. Sims, C. A. (2010). Rational inattention and monetary economics. *Handbook of Monetary Economics*, 3, 155-181.
 3. Mackowiak, Bartosz, and Mirko Wiederholt. (2009). "Optimal Sticky Prices under Rational Inattention." *American Economic Review* 99 (3):769–803.
 4. Maćkowiak B, Wiederholt M. (2015). Business Cycle Dynamics under Rational Inattention*. *The Review of Economic Studies*.
 5. Paciello, L., & Wiederholt, M. (2013). Exogenous Information, Endogenous Information, and Optimal Monetary Policy. *The Review of Economic Studies*.
 6. Luo, Y., & Young, E. R. (2010). Risk-sensitive consumption and savings under rational inattention. *American Economic Journal: Macroeconomics*, 2(4), 281-325.
 7. Van Nieuwerburgh, Stijn, and Laura Veldkamp. (2010). "Information acquisition and under-diversification." *The Review of Economic Studies* 77.2: 779-805.
 8. Hellwig, Christian, and Laura Veldkamp. "Knowing what others know: Coordination motives in information acquisition." *The Review of Economic Studies* 76.1 (2009): 223-251.
 9. Mondria, J. (2010). Portfolio choice, attention allocation, and price comovement. *Journal of Economic Theory*, 145(5), 1837-1864.

13.20-15.00 **General RI:**

- Model setup
 - Connection to logit models and to behavioral economics
 - Price setting
 - Research presentation: Andrei Matveenko (CERGE-EI)
1. Sims, Christopher A. (2006). "Rational Inattention: Beyond the Linear-Quadratic Case." *American Economic Review* 96 (2): 158–63.

2. Matějka, Filip and Alisdair McKay. (2015). "Rational Inattention to Discrete Choices: A New Foundation for the Multinomial Logit Model." *The American Economic Review*, 105(1), 272–98.
3. Matejka, Filip. (2016). "Rationally Inattentive Seller: Sales and Discrete Pricing." *Review of Economics Studies*, forthcoming
4. Matějka, F. (2015). Rigid pricing and rationally inattentive consumer. *Journal of Economic Theory*, 158, 656-678.
5. Caplin, Andrew, and Mark Dean. (2016). Revealed preference, rational inattention, and costly information acquisition. *The American Economic Review*.
6. Woodford, Michael. (2009) "Information-constrained state-dependent pricing." *Journal of Monetary Economics* 56: S100-S124.
7. Stevens, L., (2012). Price adjustment in a model with multiple price policies. *WorkingPaper, University of Maryland*.
8. Yang, Ming. "Coordination with flexible information acquisition." *Journal of Economic Theory* 158 (2015): 721-738.

16-17.40 **Empirical evidence:**

- Formation of expectations
 - Measuring attention in the field
 - Research presentation: Javier Turen Roman (UCL)
1. Coibion, O., & Gorodnichenko, Y. (2012). What can survey forecasts tell us about informational rigidities? *Journal of Political Economy*.
 2. Vojtech Bartos, Michal Bauer, Julie Chytilová, Filip Matějka. (2016). Attention Discrimination: Theory and Field Experiments with Monitoring Information Acquisition. *The American Economic Review*, forthcoming.
 3. Mondria, Jordi, Thomas Wu, and Yi Zhang.(2010). "The determinants of international investment and attention allocation: Using internet search query data." *Journal of International Economics* 82.1: 85-95.
 4. Experiments: presented by Mark Dean during the conference