

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

***Pass-through of cost shocks to consumer prices in the euro area:  
heterogeneity over time and across countries***

Author:  
**Gašper Ploj**  
**Banka Slovenije**

The seminar will be held in the  
**Lecture Room (Cankarjeva 1) of Banka Slovenije**  
**on Thursday 28 September 2023 at 14:00 CEST**

**Abstract:**

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Motivated by recent attention to cost-push drivers of inflation, we investigate how cost shocks affect consumer prices in the euro area. We find that cost shocks lead to significant increases in consumer prices, with the largest pass-through arising for cost shocks closest to consumer prices in the pricing chain. The effects of cost shocks are much stronger for the headline HICP than for the core during the pre-pandemic period, and we find relatively little cross-country heterogeneity in the pass-through. However, the pass-through appears to have strengthened following the pandemic for both the headline and core HICP, implying that the inflationary effects of cost shocks have recently broadened. An analysis of long-run trends in the pass-through reveals substantial variation over the last half century, with the pass-through being especially strong in the 1970s and 1980s but declining substantially thereafter, in particular for the core HICP. Our findings thus suggest that, in the face of large cost shocks, accounting for possible non-linearities in the pass-through may be particularly important for correctly assessing the inflationary effects of cost shocks.

**About the author:**

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Gašper Ploj is a researcher in the Monetary Policy Analysis division of Banka Slovenije. His research interests include inflation dynamics, labour economics, and household finance. He holds a PhD in Economics from the University of Bonn and an MSc in Money and Finance from the Faculty of Economics, University of Ljubljana.

**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 Wednesday 27 September 2023. The seminar will be in English.