

Report on the paper
“What do micro price data tell us on the validity of the New Keynesian Phillips Curve?”

General assessment

This paper is a nice and useful survey and I recommend publishing it in E-conomics. The main and relevant contribution is to provide an exhaustive and very up to date discussion of existing micro-pricing models used in the monetary policy literature, focusing on their predictions for micro-data.

The analysis is careful and correct. One point is to be checked. The paper seems to suggest that in the Galí and Gertler (1999) model, the hazard rate is *one* for backward-looking firms, which have weight *omega* in the economy, and *theta* for forward looking firms. My reading of that model was that the hazard rate is *theta* for all firms (backward as well as forward looking ones) although when they adjust backward-looking firms adjust by a different amount than forward-looking ones.

Minor remarks

This paper actually goes beyond assessing the validity of the New Phillips curve, since it assesses most of price setting theories including theories that do not fit in the NKPC framework.

The paper may at some point mention discuss the issue of why it is important that price-setting models should fit all micro data features, or whether some features matter more than others.

A terminology point on hazard rate. In the summary Table 1 page 5 and in many occurrences in the paper it is referred to hazard functions which have value one at some point cutoff horizon v^* or d^* . It is then stated that hazard rate is zero after that date, but I would rather think that the hazard rate is not defined, since no price survives past the cut-off point (this would simplify Table 1 by the way).

The result by Sheedy on page 8 seems to contrast with a result by Karl Whelan that assuming Taylor contracts, lags of inflation have a negative sign in the resulting inflation dynamics. Is it possible to rationalize the difference?

On page 17 figure 4 is argued to reflect within sector heterogeneity, but it is not obvious to me why.

I wonder whether the paper by Golosov and Lucas is worthwhile being discussed in the survey.

The paper by Gautier has been published in Empirical Economics.

There are a few typos to be corrected.

- Notation of expectation operator are not on page 3-4 and after page 5.
- spelling of “Carvalho” page 6.

- “mispecified” on page 16
- “implicit” on page 20
- “negligible” on page 25. There seem to be a missing word in the first sentence of the last paragraph
- “stylized” in the title of table 12 page 26
- competition in page 26.