Andrea Ferrara

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Northwestern Economics

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Citizenship: Italian

Fields

Research: Macroeconomics, Monetary Economics
Teaching: Macroeconomics, Monetary Economics

Education

Ph.D., Economics, Northwestern University, 2020-2026 (Expected)
Committee: Martin Eichenbaum (Co-Chair), George-Marios Angeletos (Co-chair), and Giorgio Primiceri

M.A. Economics, Northwestern University, 2020 - 2021

M. Sc. Economics, Enaudi Institute for Economics and Finance & LUISS, 2018 - 2020

B.A. Economics, Università degli Studi di Firenze, 2016 - 2018

Fellowships & Awards

Northwestern Graduate Fellowship 2020 - 2026

Conference Travel Grant, Northwestern Buffett Institute for Global Affairs 2023

Bank of Italy Stringher award 2021

EIEF Full scholarship for the Master in Economics 2018 - 2020

Winner of the University of Florence best student in Economics 2018

Teaching Experience

Teaching Assistant, Northwestern University, 2021-2025
Graduate Macroeconomics I, Lawrence Christiano (2021, 2022)
Graduate Macroeconomics II, Martin Eichenbaum & Guido Lorenzoni (2022), Martin Eichenbaum (2023)
Graduate Macroeconomics III, Matthias Doepke (2022), Matthew Rognlie (2023)
Graduate Macroeconomics I (Harvard University), Martin Eichenbaum (2023)
Intermediate Microeconomics I, Maxim Sinitsyn (2024), Eric Schulz (2024)
Intermediate Microeconomics II, Maxim Sinitsyn (2024)
Introduction to Macroeconomics, Mark Witte (2025)

Research Experience

Internship, Bank of Italy, Summer 2022

Research Assistant, Francesco Lippi, EIEF and LUISS, Summer 2019

Conferences

RoME Alumni Conference (2025), LUISS seminar (2024), Cleveland - ECB Conference (2021)

Refereeing

Quarterly Journal of Economics, The Economic Journal

Job Market Paper

"Why the Federal Reserve Cuts Rates when Public Debt Rises", with Luca Zanotti

Abstract: We document a new empirical fact: when the U.S. public debt-to-GDP ratio rises, the Federal Reserve tends to lower its policy rate, conditional on inflation and output. To explain this pattern, we develop and estimate a New Keynesian model with shocks to households' demand for public debt. These shocks generate a negative comovement between public debt and the natural rate of interest, defined as the real rate that would prevail in the flexible-price economy. Assuming that the Federal Reserve adjusts its policy rate in line with the natural rate, this mechanism rationalizes the negative relationship between debt and the policy rate. We show that these shocks are a key driver of business-cycle fluctuations and that policy rules responding to the natural rate reduce the volatility of inflation and output relative to standard rules. We further construct a debt-informed measure of the natural rate using a time-varying parameter vector autoregression model. Once this measure is included in the policy rule, an increase in the debt-to-GDP ratio no longer reduces the federal funds rate, consistent with the mechanism highlighted by the model.

Publications

"Empirical Investigation of a Sufficient Statistic for Monetary Shocks", with F. Alvarez, E. Gautier, H. Le Bihan, F. Lippi

Review of Economic Studies, Volume 92, Issue 4, July 2025

Abstract: In a broad class of sticky-price models, the non-neutrality of nominal shocks is captured by a simple sufficient statistic: the ratio of the kurtosis of the price change distribution over the frequency of price changes. We test the sufficient statistic proposition using data for a large sample of products representative of the French economy. We first extend the theory to allow for empirically relevant monetary shocks with a transitory predictable component. We then use the microdata to measure kurtosis and frequency for about 120 producer price indices industries and 220 consumer price indices categories. We use a Factor-Augmented Vector Autoregressive (FAVAR) model to measure the industries' response to monetary shocks, under alternative identification schemes. The estimated degree of non-neutrality correlates with the kurtosis and the frequency consistently with the predictions of the theory. Several robustness checks are discussed.

Other papers

"Cautious Monetary Policy"

Abstract: I show that when uncertainty about economic conditions is higher, the Federal Reserve adjusts interest rates less aggressively to changes in inflation and economic activity. Moreover, under higher uncertainty, interest rates are less sensitive to demand shocks, which generate larger fluctuations in inflation and unemployment. To account for these findings, I develop a simple New Keynesian model where the monetary authority receives a noisy signal of the demand shock. Consequently, it adjusts interest rates less aggressively than if it observed the actual shock. Since the shock remains unchanged while the policy response weakens, inflation and economic activity experience larger fluctuations.

"Intra-household Bargaining and Labor Market Outcomes - Evidence from Shared Parental Leave", with M. Hampole, and J. Monteiro

Abstract: This paper examines the impact of intra-household decisions over the split of childcare duties on labor market outcomes. We study the introduction of shared parental leave in Portugal, which allows parents to decide on the allocation of leave days. Using a model of the household, we show that introducing shared parental leave leads to an increase in women's wages, as they are allocated lower childcare duties when compared with the allocation before shared parental leave is introduced. Moreover, this wage increase should be more pronounced for high-productivity women. Using a novel data set which combines household data with matched employer employee data, we find that the monthly wages of women increase by 1 percent relative to the wages of men. We also find that most of this increase is driven by women which are the primary earners in their household. Our results suggest that the effectiveness of childcare policies in mitigating gender inequality in the labor market may be determined by intra-household decisions.

Work in Progress

"A State Space Approach to Instrument Selection", with M. Cai

Languages

English (fluent), Italian (native)

References

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