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Citizenship: Italian

Fields

Research: Macroeconomics, Monetary Policy, Financial Intermediation, Applied Time-Series.
Teaching: Macroeconomics, Public Economics.

Education

Ph.D., Economics, **Northwestern University** (anticipated) April 2023
Dissertation: *"Essays in Monetary Policy and Financial Intermediation"*
Committee: Martin Eichenbaum (Chair), Lawrence J. Christiano, Giorgio Primiceri
M.A., Economics, **Northwestern University** 2018
M.Sc. Financial Economics joint with [QTEM International Master Program](#) 2016
[HEC Lausanne](#) Switzerland & [Monash University](#), Australia & [LUISS Guido Carli](#), Italy
B.A., Economics and Management, **LUISS Guido Carli**, Italy 2013

Job Market Paper

"State-Dependent Pass-Through from Monetary Policy to Lending Rates"

Abstract: The efficacy of monetary policy depends crucially on the extent to which bank lending rates respond to changes in policy rates. This paper documents that this response is state-dependent. I show empirically that the key state variable is the skewness of the cross-sectional distribution of lending rates across banks prior to the change in the policy rate. High initial skewness leads to a stronger response of (i) bank lending rates and (ii) economic activity to monetary policy. I develop a model of imperfect competition among banks that accounts for this empirical finding. A key feature of the model is that borrowers face search and switching frictions. A higher degree of dispersion among lending rates increases borrowers' expected returns to search. In these circumstances, strategic behaviour by banks leads to higher responsiveness of lending rates to policy rate changes. Through this channel, the model can also reconcile my finding that conventional monetary policy has stronger effects on economic activity the more skewness there is in bank lending rates.

Working Papers

"Policy Rate Shocks Beyond Zero" [Draft available upon request]

with [Caterina Mendicino](#), [Juan F. Rubio-Ramirez](#) and [Dominik Supera](#)

Presented at SED 2022, SCE 2022, SAET 2022, 24th CBMM 2021, 11th RCEA 2021, WIEM 2021, RCEA 3rd Warsaw Money-Macro-Finance

Brief abstract: This paper shows that the aggregate effects of policy rate shocks on economic and banking activity do not exhibit significant differences when policy rates are above or below zero. We use a suite of VAR models in conjunction with macroeconomic, financial and banking data for the Eurozone. Policy rate cuts below zero significantly improve borrowing conditions for non-financial corporations and are also passed onto depositors by banks. The easing in bank lending conditions, however, does not translate into higher systemic financial risk in the banking sector, reflecting positive effects on the financial soundness of banks and non-financial corporations. Moreover, both corporate and household deposit rates respond with the same sign and magnitude to policy rate shocks. Yet, we find state dependency in the way banks respond to policy rate cuts below zero: the pass-through of policy rate shocks to lending rates is increasing in the initial level of the deposit rate.

Work in Progress

“Central Bank Liquidity Shocks”with [Martina Jasova](#), [Caterina Mendicino](#), and [Dominik Supera](#)

Abstract: What are the effects of shocks to central bank liquidity injections? The elevated endogeneity of central bank liquidity provision makes answering this question very challenging empirically. This paper tackles this challenge by constructing a novel external instrument based on granular data on ECB and Private Market Repo quotes. We show that Central Bank Liquidity shocks in the Euro-Area had significant and beneficial effects on many Macro and Financial Outcomes, including GDP, Unemployment, Systemic Risk, Sovereign Debt, and Credit Spreads. Compared to conventional monetary policy shocks, they tend to transmit throughout the yield curve, flatten its slope, and allow for more targeted regional interventions. These results suggest that shocks to central bank liquidity might be a valuable addition to conventional policy rate shocks going forward as a means of fine-tuning and direct intervention in targeted troubled areas of the economy.

“Startup Exit and the Macroeconomy”with [Jane Olmstead-Rumsey](#)

Abstract: Motivated by the perceived increase in mergers & acquisition (M&A) activity in recent years, there is a growing debate on the effect of M&A, and *technology mergers* in particular, on the innovation activity of startups. We address these issues by compiling a rich dataset matching the universe of M&A transactions since 1990 with firm-level patent data. Our preliminary results show no evidence of a secular trend in the aggregate number or volume of M&A transactions from 2000 onward. However, over the last three decades, (i) the share of horizontal mergers (firms in the same industry) fell from 48% to 37% and (ii) the share of deals involving high-tech targets increased from 20% to 60% of total volume. We identify and document a third margin of firm growth (external ideas with internal capital deployment), especially relevant for platform-based firms, in addition to the conventional internal (in-firm R&D and capital deployment) and external margins (asset acquisition through M&A). Motivated by this evidence, we build a theoretical model to study the special nature of platform-based firms' M&A and its effect on new firms' innovation intensity and direction. Finally, we study the effects of a policy that bans acquisitions by platform-based firms.

“Cooperative vs Commercial Banks: Contribution to Financial Stability over the Business Cycle”.

Research Grant from Federcasse BCC. Presented at EURICSE 2022.

Abstract: Do different bank business models contribute differently to the financial stability of a country? Yes, especially during recessions. We compile a novel dataset, matching balance sheet data on the universe of Italian credit institutions with an extensive set of economic indicators at the nation, region, and provincial level. We construct and analyze two measures of financial stability and a new measure to capture “liquidity stability”. The results show that Cooperative Banks exhibit, on average, higher financial stability than Commercial Banks, mainly due to lower cash flow volatility, with a significant non-linearity: Cooperative Banks' financial stability deteriorates significantly less than Commercial Banks' during recessions but improves at the same rate after. Being differently exposed to the trade-off screening/monitoring vs. diversification, the cooperative bank business model plays a relevant and complementary role in the stability of a country's financial system.

“Are Recursive Neural Networks Useful for Macroeconomic Forecasting?”with [Carl Hallman](#) and [Emre Enes Yavuz](#)

Abstract: We horse-race a Bayesian VAR with hierarchical priors, one of the state of the art macroeconomic forecasting models, with different neural networks. These include a simple RNN, a GRU, and a mixed GRU-VAR. We find that any sufficiently flexible and well regularized model has similar forecasting performance as the Bayesian VAR. We find that our GRU-VAR easily outperforms the BVAR in forecasts that go further than one step.

Publications

“Expectation-Driven Cycles and the Changing Dynamics of Unemployment”with [Antonello D'Agostino](#) and [Caterina Mendicino](#)*Journal of Money, Credit and Banking*, February 2022

Brief abstract: This paper provides new evidence on the role of expectations for the change in unemployment dynamics over time. We show that unanticipated changes in expectations display large and persistent effects on the unemployment rate in the 2007-2009 downturn, contributing to maintain unemployment high well after the most recent recession.

“Israel’s Fiscal Prospects in the Post-COVID-19 Era”

with [Martin Eichenbaum](#)

Policy Note in “Bank of Israel: Monetary Policy in a period of price stability”, May 2022

Fellowships & Awards	Dissertation Fellowship, Northwestern University	2022–2023
	Global Impacts Graduate Fellowship, Northwestern Buffett Institute	2021–2022
	Research Grant, Italian Federation of Cooperative Banks	2021–2023
	Scholarship, Bank of Italy “G. Mortara”	2017–2018
	Thesis Prize, Laziodisu	2016
	Scholarship, LUISS – Laziodisu	2011, 2012, 2013, 2014, 2015
Conferences & Workshops	2022: Society for the Advancement of Economic Theory Annual Conference, Society for Economic Dynamics Annual Meeting, SCE Computing in Economics and Finance, EURICSE 13 th International Conference	
	2021: 24th Central Bank Modelling Workshop, RCC5 Brownbag Seminar, 11th RCEA Money-Macro-Finance conference, Warsaw International Economic Meeting, RCEA 3rd Warsaw Money-Macro-Finance Conference	
	2020: RCC1 mini-workshop, European Central Bank	
Refereeing	European Economic Review, 2022	
Research & Work Experience	Research Assistant for Martin Eichenbaum , assisted on two research projects joint with Sergio Rebelo and Mathias Trabandt .	09/2020 – 06/2022
	Junior Consultant , European Central Bank, DG-Research, co-author on research projects.	09/2020 – 09/2023
	Junior Consultant , European Central Bank, DG-Research, co-author on research project and consultant on ECB-BASE model.	07/2019 – 09/2019
	Student Research Analyst , European Central Bank, DG-Research, Development of the new ECB main forecasting model (ECB-BASE).	09/2016 – 08/2017
	Student Research Analyst , Italian Ministry of Economics and Finance, Development of the new model for forecasting and scenario analysis (ITEM).	09/2013 – 09/2014
Teaching Experience	Teaching Assistant, Northwestern University	2018–2020
	Introduction to Macroeconomics	
	Intermediate Macroeconomics	
	Public Economics	
Computer Languages	Matlab (Proficient), Stata (Proficient), Python (Proficient), R (basic), Excel VBA (basic), Julia (basic), Eviews (Proficient).	
Languages	English (fluent), Italian (native), French (basic).	
References	Professor Martin Eichenbaum Department of Economics Northwestern University 2211 Campus Drive Evanston, IL 60208, USA 847-491-8232 eich@northwestern.edu	Professor Lawrence J. Christiano Department of Economics Northwestern University 2211 Campus Drive Evanston, IL 60208, USA 847-491-8231 l-christiano@northwestern.edu

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