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## Naoki Yago

Faculty of Economics  
The University of Cambridge

### **Contact Information:**

Faculty of Economics  
Austin Robinson Building  
Sidgwick Avenue  
Cambridge  
CB3 9DD  
United Kingdom  
Tel: +44 7463 171651  
Email: [ny270@cam.ac.uk](mailto:ny270@cam.ac.uk)  
Website: <https://sites.google.com/view/naokiyago/>

### **Personal Information:**

Citizenship: Japan and the United States  
Date of Birth: May 26, 1994

### **Education:**

2020-present	PhD Student in Economics, The University of Cambridge Supervisor: Vasco Carvalho
2020	MPhil in Economic Research, The University of Cambridge Supervisor: Charles Brendon (Pass with distinction)
2019	M.A. in Economics, The University of Tokyo Supervisor: Tomoyuki Nakajima
2017	B.A. in Economics, The University of Tokyo Supervisor: Yasuhiro Omori

### **Research Fields:**

Macroeconomics, International Macro and Finance, Monetary Economics, and Macro-Finance

## **Working Papers:**

### **Monetary and Exchange Rate Policies in a Global Economy**

This paper provides a macroeconomic framework that integrates monetary and exchange rate policies and studies their optimality, interaction, and trade-offs. The model breaks down the conventional dichotomy in an open economy that monetary policy and foreign exchange intervention (FXI) should separately stabilize the inflation and exchange rate. Instead, I find that, under cooperation, optimal FXI mitigates the inflation-output trade-off of monetary policy and improves monetary autonomy by allowing central banks to stabilize the inflation and exchange rates without a large increase in the monetary policy rate. However, this comes at the cost of distortion in the real exchange rate and international risk-sharing in favor of the domestic economy over the foreign. This trade-off between internal and external objectives renders the combination of monetary policy and FXI the optimal policy. Moreover, under dollar pricing, FXI is particularly effective in stabilizing domestic inflation. Finally, without cooperation, nationally oriented intervention can further exacerbate the international risk-sharing distortion.

### **Intervening against the Fed** *R&R, Journal of Financial Economics*

Joint with Alexander Rodnyansky (Cambridge) and Yannick Timmer (FRB)

By identifying unexpected foreign exchange intervention (FXI) through deviations from estimated FXI rules, we study the interaction between US monetary policy surprises and FXI for exchange rates and stock prices across firms. We find that, without intervention, an unexpected Fed funds rate hike depreciates local currencies and decreases the stock price of firms, especially those whose debt is disproportionately denominated in US Dollars, consistent with the Global Financial Cycle literature. However, if central banks counteract by selling the US Dollar, the US monetary shock has a limited effect on the exchange rate and stock prices even for firms with US Dollar debt. These results suggest that FXI is a successful tool in muting the impact of the Global Financial Cycle.

### **Financial Market Globalization and Asset Price Bubbles**

Cambridge Working Paper in Economics, No. 2167

We construct a two-country model of rational bubbles with asymmetric degrees of financial development. We show that whether financial globalization gives rise to bubbles crucially depends on the levels of financial development in the two countries. In economies with either developed or underdeveloped financial market relative to the foreign one, bubbles cannot arise under financial autarky but they can arise under financial globalization. Moreover, unlike previous literature, bubbles in sufficiently well-developed financial markets lead to welfare losses in other countries.

## **Work in Progress:**

### **FX Intervention, CIP and UIP Deviations**

Joint with Mai Chi Dao, Pierre-Olivier Gourinchas, and Rui Mano (IMF)

Featured in the keynote speech by Pierre-Olivier Gourinchas at the International Macroeconomics and Finance Programme Annual Meeting 2023

**Professional Experience:**

2023            International Monetary Fund, PhD Fund Internship Program

**Teaching Assistantship:**

2022-23        Teaching Assistant, Advanced Macroeconomics I (MPhil + PhD coursework),  
Instructor: Florin Bilbiie, The University of Cambridge  
Latest teaching evaluation: 4.6/5.0

2018            Teaching Assistant, Macroeconomics I (Undergraduate),  
Instructor: Tsutomu Watanabe, The University of Tokyo

2018            Teaching Assistant, Macroeconomics II (Undergraduate),  
Instructor: Tomoyuki Nakajima, The University of Tokyo

2018            Instructor, Math Camp for Graduate Students, The University of Tokyo

**Research Assistantship:**

2018            Research Assistant, “Cyclical Part-time Employment in an Estimated new  
Keynesian Model with Search Frictions,” by Toshihiko Mukoyama, Mototsugu  
Shintani, and Kazuhiro Teramoto

2017            Research Assistant, “Disequilibrium Dynamics of the Monetary Economy: A  
Micro-Founded Synthesis of the Wicksellian Theory of Cumulative Process and  
the Keynesian Theory of Effective Demand,” by Katsuhito Iwai

**Honors, Scholarships, and Fellowships:**

2022-24        PhD award for Keynes Fund, The University of Cambridge

2021            Honourable mention for the best student paper award in finance, The University  
of Cambridge

2021-23        CERF PhD Studentship, The University of Cambridge

2020            St Edmund’s College Prize, St Edmund’s College

2019-          The Nakajima Foundation Overseas Scholarship, The Nakajima Foundation

2019            Grant-in-Aid for Japan Society for the Promotion of Science (No. 19J21111),  
Japan Society for the Promotion of Science

2019            Research Fellowship for Young Scientists (DC1), Japan Society for the  
Promotion of Science

**Seminar and Conference Presentations:**

\* Presentation by co-author. † Poster session. Includes scheduled conference.

- 2024 AEA Annual Meeting, San Antonio†; 2nd ERSA-CEPR Workshop on Macroeconomic Policy in Emerging Markets\*; 5th Emerging Market Macroeconomics Workshop, University of Poitiers; Joint BIS, BoE, ECB and IMF Spillover Conference; North American Meeting of Econometric Society, Vanderbilt University; EEA Annual Congress, Erasmus School of Economics; MMF PhD Conference, University of Surrey; MMF Annual Conference, University of Manchester; Doctoral Workshop on Quantitative Dynamic Economics, Aix-Marseille School of Economics; Workshop for Young Macroeconomists, Hitotsubashi University; Global Currencies Conference, Banque de France; University of Cape Town\*; University of Cambridge PhD Macro Workshop and JBS Lunch Seminar
- 2023 AEA Annual Meeting, New Orleans†; New York Fed 2nd Annual International Roles of the U.S. Dollar Conference; 9th BdF-BoE-BdI International Macroeconomics Workshop; EEA Annual Congress, Barcelona School of Economics; Econometric Society Asian Meeting, Tsinghua University (online); MMF Annual Conference, University of Portsmouth; Workshop on Empirical Macroeconomics, Ghent University†; SED Annual Meeting, Cartagena\*; 1st Annual Conference of the Banco Central do Brazil\*; IMIM Seminar; IMF; Federal Reserve Board; University of Cambridge JBS Lunch Seminar and CERF Cavalcade
- 2022 Workshop on Empirical Macroeconomics, Ghent University (online)†
- 2020 EEA Annual Congress, Rotterdam (online); Econometric Society World Congress, Bocconi University (online)
- 2019 Econometric Society Australasia Meeting, Perth; Japanese Economic Association Spring Meeting, Musashi University†; University of Tokyo Macroeconomics Workshop

**Languages:**

English (fluent), Japanese (native)

**Skills:**

MATLAB, Dynare, Python, Stata, Eviews

**Extracurricular Activities:**

- 2019- St Edmund's College Music Society, recipient of Instrumental Award
- 2013-19 The University of Tokyo Piano Society
- 2013-14 The University of Tokyo English Speaking Society, Debate Section  
Awarded five times, including:  
1<sup>st</sup> team prize, Meiji Freshman Debate Tournament 2013  
3<sup>rd</sup> team prize, Japan National Debate Tournament 2014

**References:**

**Vasco Carvalho**

Professor of Economics  
Faculty of Economics  
The University of Cambridge  
Austin Robinson Building  
Sidgwick Avenue, Cambridge  
CB3 9DD, United Kingdom  
vmpmdc2@cam.ac.uk

**Lucio Sarno**

Professor of Finance  
Judge Business School  
The University of Cambridge  
Trumpington St., Cambridge  
CB2 1AG, United Kingdom  
l.sarno@jbs.cam.ac.uk

**Giancarlo Corsetti**

Professor of Economics  
Department of Economics  
European University Institute  
Via dei Roccettini 9, 50014  
San Domenico di Fiesole (FI), Italy  
giancarlo.corsetti@eui.eu

**Chryssi Giannitsarou**

Professor of Economics  
Department of Economics  
The University of Cambridge  
Austin Robinson Building  
Sidgwick Avenue, Cambridge  
CB3 9DD, United Kingdom  
cg349@cam.ac.uk