

PAOLO VARRASO
<https://paolovarraso.github.io/>
paolo.varraso@nyu.edu

NEW YORK UNIVERSITY

Address 19 West Fourth St., 6th Floor
New York, NY 10012-1119
Phone 917-459-3786 (office)
917-459-3786 (home)

Placement Director: David Cesarini david.cesarini@nyu.edu 646-413-8576
Graduate Administrator: Ian Johnson ian.johnson@nyu.edu 212 998-8901

Education

PhD In Economics, New York University, 2017-2024 (expected)
Thesis Title: *Essays on Macroeconomics and Financial Frictions*
MSc in Economics, Bocconi University, 2014-2016
MRes in Economics, Université Catholique de Louvain, 2014-2016
BSc in Economics and Finance, Bocconi University, 2011-2014

References

Professor Diego J. Perez
19 West Fourth St., 6th Floor
New York, NY 10012-1119
212-998-8951 (office)
diego.perez@nyu.edu

Professor Mark Gertler
19 West Fourth St., 6th Floor
New York, NY 10012-1119
212-998-8931 (office)
mark.gertler@nyu.edu

Professor Pablo Ottonello
Tydings Hall, 3114 Preinkert Dr
College Park, MD 20742
646-596-5841 (office)
ottonell@umd.edu

Teaching and Research Fields

Macroeconomics, Macro-Finance, International Economics

Teaching Experience

Spring, 2023	Macroeconomic Analysis, NYU, Graduate Assistant for Professor Alessandra Peter
Summer, 2020	Introduction to Macroeconomics, NYU, Instructor
Fall, 2018	Intermediate Macroeconomics, NYU, Graduate Assistant for Professor Jess Benhabib

Research Experience and Other Employment

2023	Federal Reserve Board, Dissertation Fellow
2019 - 2023	New York University, Research Assistant for Professor Diego Perez
2017	European Central Bank, DG Macprudential Policy and Financial Stability, Trainee
2016 - 2017	Bocconi University, Research Assistant for Professor Marco Ottaviani
2015	Bocconi University, Research Assistant for Professor Nicola Gennaioli
2014	European Commission, DG for Economics and Financial Affairs, Trainee

Other Professional Activities

Referee: *Journal of Monetary Economics*, *Journal of Economic Dynamics and Control*

Seminar and Conference Presentations

2023	Stern Macro Lunch Seminar, NYU International Finance Workshop, Federal Reserve Board Student Macro Lunch Seminar, NYU
2022	2022 Annual Meeting for the Society for Economic Dynamics, University of Wisconsin-Madison Student Macro Lunch Seminar, NYU
2021	Student Macro Lunch Seminar, NYU
2020	Third-Year Paper Conference, NYU

Honors, Scholarships, and Fellowships

2023	Dissertation Fellowship, Federal Reserve Board
2022	NYU GSAS Dean's Student Travel Grant
2022 - 2023	NYU Department of Economics Dissertation Fellowship
2017-2022	NYU MacCracken Fellowship
2014-2016	Bocconi Graduate Merit Award

Publications

Ottonello, Pablo, Perez, Diego J., and Varraso, Paolo (2022), "Are Collateral-Constraint Models Ready for Macroprudential Policy Design?" *Journal of International Economics*, 139, 103650.

Cappelletti, Giuseppe, Marques, Áurea Ponte and Varraso, Paolo (2024), "Impact of higher capital buffers on banks' lending and risk-taking in the short- and medium-term: evidence from the euro area experiments." Accepted, *Journal of Financial Stability*.

Research Papers

Banks and the Macroeconomic Transmission of Interest-Rate Risk ([Job Market Paper](#))

I study the role of financial intermediaries in the transmission of interest-rate risk. I develop a quantitative model where banks can invest in assets of different durations and choose optimally their exposure to interest-rate fluctuations. I embed this portfolio problem in a heterogeneous-banks framework with financial frictions and endogenous default. The model predicts that in periods of

loose monetary policy banks face weaker financial constraints. As a result, they become more tolerant of interest-rate risk and invest more extensively in long-duration assets. However, when the economy undergoes a sudden monetary tightening, this portfolio shift amplifies contractions in asset prices, credit, and output. I validate the model by showing that it can reproduce aggregate and cross-sectional patterns related to banks' maturity mismatches, the level of the interest rate and leverage. A quantitative application to the 2022 monetary tightening shows that a lengthening of duration in periods of low interest rates gives rise to significant financial amplification. A liquidity requirement that restricts banks' investment in long-term assets makes the economy less vulnerable to sudden interest-rate raises.

Optimal Fiscal Policy in Collateral-Constraint Models

I study optimal government spending in a canonical, small-open-economy model where a collateral constraint gives rise to overborrowing. I show quantitatively that excess procyclicality - a pervasive feature of emerging markets - makes the economy more vulnerable to sudden stops. In normal times, pro-cyclical spending encourages borrowing and magnifies the inefficiency; during a sudden stop, it depresses collateral values and exacerbates deleveraging pressures on households. I characterize the optimal time-consistent policy and show that it would significantly reduce both the likelihood and severity of a sudden stop.

Other Information

Programming: Julia, R, Stata, Matlab

Languages: English (fluent), Italian (native), French (intermediate)

Citizenship: Italy