Giovanni Sciacovelli

Northwestern Economics

Contact Information

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Research Interests

Macroeconomics, International Economics

Education

Ph.D., Economics, Northwestern University (expected) 2025
Committee: Martin Eichenbaum (Co-Chair), Giorgio Primiceri (Co-Chair), Matthew Rognlie

M.A., Economics, Northwestern University 2020

M.S., Economics, Stockholm School of Economics 2018

B.A., Economics, Tor Vergata University 2016

Working Papers

Monetary Policy Transmission Through Adjustable-Rate Mortgages in the Euro

This paper studies the role of adjustable-rate mortgages (ARMs) in monetary policy transmission within the Euro Area. While conventional wisdom holds that ARMs are relevant *per se*, this study finds that the presence of liquidity-constrained households strongly influences their impact. Using Euro Area survey data, I document that transmission is stronger in countries that exhibit both high ARM shares and sizable shares of liquidity-constrained households. Furthermore, using Italian time series, I show that ARMs are key for transmission only when a high fraction of households are liquidity-constrained. To account for these findings, I develop a heterogeneous-agents model featuring (i) heterogeneity in marginal propensities to consume (MPCs), (ii) agents making both housing and mortgage choices, and (iii) households with ARMs. The model shows that since MPCs control the conversion rate of changes in mortgage payments into changes in consumption, ARMs must be paired with high MPCs to be an important transmission vehicle. These results highlight the importance of accounting for household income heterogeneity when assessing monetary policy transmission through the mortgage channel.

A Monetary Policy Framework for Developing Countries [PDF]

with Juan Passadore, Filiz Unsal, and Carlos van Hombeeck

Presented at the 2022 Lille-Reading Workshop, 2023 Annual Meeting of the Society for Economic Dynamics (SED), 2023 Annual Conference of the Banco Central do Brasil, 2023 WBG and IMF Annual Meetings

We present an Open Economy HANK model tailored to capture key characteristics of Low-Income Countries (LICs): (i) poor households with no access to markets (hand-to-mouth) and (ii) a subsistence level of consumption for tradable goods. With the model calibrated for a representative LIC, and motivated by recent macroeconomic developments, we illustrate our framework investigating the consequences of a shock to external prices. We analyze its effects on macroeconomic variables, inequality and poverty. The shock triggers a consumption-led recession, an increase in inflation and a drop in real wages. Consumption inequality increases: poor households can't insure against the shock, while richer households exploit

their wealth to shield their consumption. Households at the bottom and at the top of the income distribution are the most negatively affected by the shock: the former suffer from lower wages and consumption; the latter from negative revaluations of their assets. Monetary policy has limited ability to improve the welfare of poorer households due to its offsetting effects on real wages and labor demand, a finding consistent across the alternative monetary policy specifications analyzed. In contrast, fiscal transfers are shown to be effective in cushioning the welfare losses among poorer households.

Financial Flows in the Latin Monetary Union: A Machine Learning Approach [PDF]
with Thomas Pellet
Presented at the 2022 BNB-EABH Conference, Monetary Unions in History

Machine learning models can extract information in a systemic, comprehensive, and replicable way, creating synthetic proxies for a wide range of variables that cannot be measured otherwise. In this paper, we emphasize that a lot more information and correlation patterns can be extracted from existing historical data using these models. To illustrate our methodology, we study the effects that the Latin Monetary Union had on financial flows among its members in the 19^{th} century, a natural question that has not been addressed because of the lack of data for financial flows during that period. Relying on machine learning techniques, we are able to circumvent these data limitations by reconstructing a proxy for financial flows across 14 countries between 1861 and 1913. Making use of our proxy, we use standard casual inference methods and find that bilateral financial flows increased by 5% between 1865 and 1913 among members of the LMU, and by approximately 15% between 1865-1885, the period during which the Union was most active. Overall, these results provide new insights about the history of the LMU, showing that it did help member countries achieve part of the goals that had pushed them to join the Union in the first place.

Work in Progress

Fixed or Adjustable Mortgage? Endogenous Rate Choice in a Model with Idiosyncratic Uncertainty

Germany's Current Account Boom: The Impact of Housing Policies on Asset Demand and Household Investment

Relevant Past Positions

European Central Bank 6/2023–9/2023
Summer Research Graduate Program Participant in DG-Research

- I made use of internally available data to calibrate the quantitative model used in the first chapter of my dissertation.
- I presented my work twice in the internal research seminar.

International Monetary Fund 6/2022–8/2022
Fund Internship Program Participant in the Research Department

- I worked on the research project *"A Monetary Policy Framework for Developing Countries"* discussed above. I developed the quantitative small-open economy HANK model and implemented IRFs to analyze the impact of foreign price shocks on both aggregate variables as well as on the welfare of different agents. The work was presented in the Analytical Corner of the 2023 IMF Annual Meeting in Marrakech, Morocco.

Northwestern University
Research Assistant, Prof. Guido Lorenzoni 6/2021–6/2022

- I worked on a project, carried out within the Italian government, to put forward a proposal

to the European Commission to revise the European Fiscal Framework. I implemented simulations in Python to assess the impact that alternative rules would have on the evolution of debt and other major macroeconomic variables.

Research Assistant, Prof. Giorgio Primiceri 3/2021–6/2021

- My duties involved: (i) writing a spike-and-slab algorithm in Python for big-data forecasting, and (ii) cleaning and analyzing data from the Consumer Population Survey (CPS), providing statistics that were used to calibrate a DSGE model.

European Central Bank 8/2018–7/2019

Trainee in DG-Monetary Policy, Monetary Policy Strategy Division

- I provided research assistance to multiple empirical projects investigating the reaction of credit institutions to changes in key interest rates.

Fondation Nationale des Sciences Politiques 10/2017–2/2018

Research Assistant, Prof. Ruben Durante

- I worked on the revision of the paper "The Political Legacy of Entertainment TV" (R. Durante, P. Pinotti and A. Tesei, *American Economic Review*, 109(7): 2497-2530) by constructing a dataset of the daily Italian television broadcast in the 1980s.

Teaching Experience

Northwestern University, Teaching Assistant

Prof. Richard Walker. Course "Introduction to Macroeconomics" 2020, 2021, 2023

Prof. Richard Walker. Course "Introduction to Applied Econometrics" 2024

Fellowships, Grants & Awards

Dissertation Fellowship, Northwestern University 2024–2025

Global Impacts Graduate Fellowship, Northwestern Buffett Institute 2022–2023

Fulbright Scholarship, The US-Italy Fulbright Commission 2019

Ermenegildo Zegna Founder's Scholarship 2019

Merit Scholarship, Stockholm School of Economics (top 10% student) 2018

Merit Scholarship, Tor Vergata University (top 5% student) 2017

Software Skills

Python, Stata, Latex, MS Office (proficient), Matlab (intermediate), R, SQL, SAS (basic)

Languages

English (fluent), Italian (native)

References

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