

# Masayuki Okada

Email: [mo2192@nyu.edu](mailto:mo2192@nyu.edu). Homepage: [masayukiokada.com](http://masayukiokada.com)

Address: 19 West Fourth St., 7<sup>th</sup> floor, New York, NY 10012-1119

Phone: 646-462-6291

Placement Director: Jaroslav Borovicka [jb4457@nyu.edu](mailto:jb4457@nyu.edu)

Graduate Administrator: Ian Johnson [ian.johnson@nyu.edu](mailto:ian.johnson@nyu.edu)

## EDUCATION

---

Ph.D. in Economics, New York University, 2025 (expected)

M.A. in Economics, University of Tokyo, 2019

B.A. in Economics, University of Tokyo, 2017

## REFERENCES

---

Ricardo Lagos

19 West Fourth St., 7<sup>th</sup> floor, New York, NY

10012-1119

[ricardo.lagos@nyu.edu](mailto:ricardo.lagos@nyu.edu)

Vaidyanathan Venkateswaran

Kaufman Management Center, 44 West Fourth

Street, 7-87 New York, NY 10012-1119

[vv20@stern.nyu.edu](mailto:vv20@stern.nyu.edu)

Jaroslav Borovicka

19 West Fourth St., 7<sup>th</sup> floor, New York, NY

10012-1119

[jb4457@nyu.edu](mailto:jb4457@nyu.edu)

## FIELDS

---

Macroeconomics, Monetary economics, and Macro-Finance

## RESEARCH

---

### JOB MARKET PAPER

#### **Optimal monetary and fiscal policy without fiscal backing**

This paper studies optimal monetary and fiscal policy when Treasury is unable to provide fiscal backing to the central bank. The Treasury levies taxes and issues bonds. The central bank issues interest-bearing reserves for their liquidity value. During periods when central bank's interest expenses exceed its earnings, the central bank cannot receive transfers from Treasury to offset the losses. This lack of fiscal backing implies that: (i) the central bank tolerates higher inflation in response to cost-push shocks, and this is exacerbated by the level of reserves and the size of the shock; (ii) while the volatility of the optimal inflation rate increases by 3%, the average optimal inflation rate is minimally affected; (iii) the welfare gains from fiscal backing are small over the business cycle, but in the case of a large shock that raises the wage mark-up by 10%, fiscal backing reduces the welfare cost of the shock by 20%.

## PUBLICATIONS

### **The Optimal Earnings Test and Retirement Behavior**

*International Tax and Public Finance*, 2023.

This paper quantitatively derives the welfare-improving earnings test within an optimal income tax framework. I construct a life cycle model of labor supply and savings to compute social welfare. The preference parameters are estimated by the method of simulated moments using Japanese data. I find that social welfare under the current earnings test with large changes of marginal tax rates at thresholds is substantially lower than social welfare under the earnings test with a linear tax rate. In addition, an earnings test with negative marginal tax rates will increase social welfare more than a system without negative marginal tax rates.

## WORKING PAPERS

### **Exposure to Interest Rate Risk around the FOMC Meeting**

This paper tests a risk-based hypothesis of high excess returns around monetary policy announcements. By announcing its decision on interest rates, monetary policy announcements resolve the interest rate uncertainty, but different assets have different exposures to it based on their durations. As the duration of an asset increases, its returns become more sensitive to both realized change and ex-ante interest rate uncertainty. Short-duration assets are less exposed to interest rate uncertainty since they receive their cash flows earlier, while long-duration assets are more exposed to uncertainty about interest rates. This relationship is applicable to both bonds and equities. The high excess returns on bonds and equities observed on FOMC announcement days are driven by interest rate uncertainty, which has been overlooked in previous research that has mainly focused on cash flow uncertainty.

### **Illusive Asymmetry in Stock Price Reactions to Monetary Policy Shocks**

with Kazuhiro Teramoto

Stock price data and high-frequency identification techniques are commonly used to assess the impact of monetary policy shocks on firms. This study cautions against this approach, showing that challenges in identifying monetary policy shocks due to information effects create endogeneity problems, particularly for larger firms' stock prices. We empirically demonstrate this issue and present a nominal asset pricing model incorporating granular origins of aggregate fluctuations and investors' imperfect knowledge of monetary policy rule parameters. It reveals that changes in investors' beliefs following FOMC announcements lead to monetary policy surprises and stock price changes due to shifts in stochastic discount factors.

## HONOURS

---

MacCracken Fellowship, New York University, 2020-

Japan-IMF Scholarship, International Monetary Fund, 2022-2024

World-leading Innovative Graduate Study of Advanced Economics Fellowship, University of Tokyo, 2019-2020

Distinguished Thesis Awards, University of Tokyo, 2018

## TEACHING

---

Teaching Assistant:

Monetary and Banking Theory, New York University, 2023

Monetary Policy, University of Tokyo, 2020

Macroeconomics, University of Tokyo, 2019

## PROFESSIONAL ACTIVITIES

---

IMF Summer Internship Program, 2023

RA for Professor Taisuke Nakata, 2023

RA for Professor Shintaro Yamaguchi, 2019-2020

RA for Professor Sagiri Kitao, 2019

RA for Professor Tomoyuki Nakajima, 2018-2019

Referee:

*International Tax and Public Finance*

Citizenship: Japan