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EDUCATION

Ph.D. in Economics, Stanford University,
Expected Completion: June 2023
DISSERTATION: "Heterogeneous Intermediaries and the Transmission(s) of Monetary Policy"

M.Sc. in Finance, Bocconi University, 2011-2014
B.Sc. in Economics, LUISS University, 2008-2011

DISSERTATION COMMITTEE

Prof. Monika Piazzesi (Co-Chair)
Economics Department, Stanford University
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piazzesi@stanford.edu

Prof. Martin Schneider (Co-Chair)
Economics Department, Stanford University
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Prof. Hanno Lustig
Stanford Graduate School of Business
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Prof. Luigi Bocola
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RESEARCH FIELDS

Research Fields: Finance, Macroeconomics

JOB MARKET PAPER

Heterogeneous Intermediaries and the Transmission(s) of Monetary Policy (with F. Holm-Hadulla)

The paper presents novel evidence on how monetary policy affects assets held by different intermediaries. Some intermediaries choose to be more exposed to interest rate risk and are highly levered. Other intermediaries choose to be more exposed to credit risk and are not levered. Monetary policy changes the balance sheets of these different types of intermediaries and thereby affects the pricing of the different risks. A government bond purchase program primarily reduces the interest rate risk exposure of levered intermediaries and thereby compresses the interest rate risk premia. A corporate bond purchase program

primarily compresses the credit risk exposure of (unlevered) intermediaries and thereby compresses credit risk premia. We develop a dynamic equilibrium asset pricing model with heterogeneous intermediaries where we define portfolio allocations and asset pricing in terms of two simple factors: interest rate risk and credit risk. The model shows i) how intermediaries select into different factors, ii) how the transmission channels of different central bank actions transmit through balance sheets of different types of intermediaries and iii) the cross-sectional implications of central bank purchases. We provide empirical evidence, consistent with the model predictions, using an ECB portfolio security-level portfolio holdings database matched with high-frequency price information on Euro denominated bonds.

PUBLICATIONS

Central Bank Communication and the Yield (with A. Vedolin, G. Venter and P. Whelan)
Journal of Financial Economics, Volume 141, Issue 3, September 2021

In this paper, we argue that monetary policy in the form of central bank communication can shape long-term interest rates by changing risk premia. Using high-frequency movements of default-free rates and equity, we show that monetary policy communications by the European Central Bank on regular announcement days led to a significant yield spread between peripheral and core countries during the European sovereign debt crisis by increasing credit risk premia. We also show that central bank communication has a powerful impact on the yield curve outside regular monetary policy days. We interpret these findings through the lens of a model linking information embedded in central bank communication to sovereign yields.

WORKING PAPERS

Inflation and the Price of Real Assets (with M. Piazzesi, C. Rogers and M. Schneider)
R&R at Review of Economic Studies

In the 1970s, U.S. asset markets witnessed (i) a 25% dip in the ratio of aggregate household wealth relative to GDP and (ii) negative comovement of house and stock prices that drove a 20% portfolio shift out of equity into real estate. This study uses an overlapping generations model with uninsurable nominal risk to quantify the role of structural change in these events. We attribute the dip in wealth to the entry of baby boomers into asset markets, and to the erosion of bond portfolios by surprise inflation, both of which lowered the overall propensity to save. We also show that the Great Inflation led to a portfolio shift by making housing more attractive than equity. Disagreement about inflation across age groups matters for the size of tax effects, the volume of nominal credit, and the price of housing as collateral.

Financial and Total Wealth Inequality with Declining Interest Rates (with D. Greenwald, H. Lustig and S. Van Nieuwerburgh)
NBER Working Paper, April 2021

Financial wealth inequality and long-term real interest rates track each other closely over the post-war period. Faced with unanticipated lower real rates, households which rely more on financial wealth must see large capital gains to afford the consumption that they planned before the decline in rates. Lower rates beget higher financial wealth inequality. Inequality in total wealth, the sum of financial and human wealth and the relevant concept for house-hold welfare, rises much less than financial wealth inequality and even declines at the top of the wealth distribution. A standard incomplete markets model reproduces the

observed in-crease in financial wealth inequality in response to a decline in real interest rates because high financial-wealth households have a financial portfolio with high duration.

Household Portfolios, Monetary Policy and Asset Prices (with C. Rogers)

In this paper we study the role of household portfolio rebalancing channel for the aggregate and redistributive effects of monetary policy. The transmission of monetary policy works not only through the usual income and substitution motives, but also through an endogenous portfolio rebalancing effect which generates changes in equilibrium asset prices and a subsequent wealth effect on consumption. In order to jointly study these effects, we introduce a heterogeneous household life-cycle model with multiple assets and combine it with an incomplete markets asset pricing framework. We model monetary policy shocks as a reduction in expected return on safe assets. In equilibrium the reduction in bonds investment prompts a portfolio rebalancing toward riskier assets with a consequent increase in their asset prices and an increase in wealth. According to our model, the positive wealth effect on consumption is offset by an increase in the saving margin induced by the overall reduction in expected return on household portfolio. However, the strength of these two forces notably varies depending on household age. We find that, absent wealth effects, older cohorts reduce consumption while younger cohorts increase their consumption only slightly. The positive wealth-effect increases the consumption response for all cohorts: it strengthens the positive consumption response of the young and more than offsets the reduction in consumption of the old. Nevertheless, the heterogeneity in responses remain the same: the young raise consumption by more than the old.

TEACHING EXPERIENCE

2021-22 T.A. for Prof. M. Piazzesi and Prof. M. Schneider, Stanford University, Macroeconomics (PhD)
T.A. for Prof. P. Kehoe, Stanford University, Macroeconomics (Undergraduate)
2020-21 T.A. for Prof. H. Lustig, Stanford GSB, Capital Markets and Institutional Investing (MBA)
2018-19 T.A. for Prof. H. Lustig, Stanford GSB, Capital Markets and Institutional Investing (MBA)
T.A. for Prof. M. Piazzesi, Stanford University, Macroeconomics (Undergraduate)
T.A. for Prof. C. Makler, Stanford University, Microeconomics (Undergraduate)

RELEVANT POSITIONS

2020-22 External Consultant, ECB, Frankfurt
2018-19 Ph.D. Trainee, ECB, Frankfurt
2014-16 Analyst, Goldman Sachs, London
2012-13 Research Assistant for Prof. L. Reichlin, Now-Casting Economics Ltd, London

RESEARCH POSITION

2020-21 R.A. for Prof. H. Lustig, Stanford GSB
2017-18 R.A. for Prof. P. Klenow, Stanford University
2013-14 R.A. for Prof. N. Gennaioli, Bocconi University

2013-14 R.A. for Prof. C. Favero, Bocconi University

SCHOLARSHIPS, HONORS AND AWARDS

2021-22 SIEPR Dissertation Fellowship
2019-20 Fellow, Stanford Longevity Center
2008-11 Athletic Full Scholarship (Basketball team), LUISS University

PROFESSIONAL ACTIVITIES

Referee for *Management Science*

PRESENTATION

2019 MFS Workshop (USC), Young Economist Symposium (Columbia GSB)
2018 ECB Forum on Central Banking, ECB Monetary Policy Division, Transatlantic Doctoral Conference (LBS)
2017 EFA, Mannheim, Germany