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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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Prof. Martin Schneider (Co-Chair)
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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)

This paper studies the transmission of monetary policy to the corporate bond market. We show that corporate bond purchases by the central bank mainly give rise to credit spread shocks, whereas (safe) government bond purchases mainly cause term spread shocks. We also document that yield of bonds held by different intermediaries respond heterogeneously to the two shocks. This heterogeneity in responses reflects bond characteristics rather than the investor base composition for a given bond, implying that intermediary sectors systematically select into different types of assets. We explain these findings through the lens of a model of the fixed-income market with multiple risk factors. Levered intermediaries, such as insurance corporation and pension funds, select into assets with a high interest rate risk exposure to match their long-duration liabilities. For mutual funds, this liability-matching motive is absent, and they instead select into securities carrying credit risk. Different policy tools heterogeneously affect the market prices of those factors, thereby redistributing risks across intermediary sectors and ultimately across the households investing in them.

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. We investigate how much of the increase in measured inequality can be explained by the decline in rates, and what the implications are for inequality in total wealth (lifetime consumption). We estimate the exposure of financial portfolios to interest rates at the household level to show that there is enough heterogeneity in portfolio revaluations to explain 75% of the rise in financial wealth inequality since the 1980s. A standard incomplete markets model calibrated to these data implies that declining rates are not consumption neutral. Instead, the low-wealth young lose, while the high-wealth old gain.

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.

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

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)

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)