

# Mridula Duggal

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## CONTACT INFORMATION

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<http://www.mridulaecon.io>  
Citizenship: United Kingdom

## RESEARCH INTERESTS

Macroeconomics, Monetary Economics, Expectations

## CURRENT POSITION

**University of Glasgow**, United Kingdom

Adam Smith Career Development Fellow, October 2023 - Present

## EDUCATION

**Universitat Autònoma de Barcelona & Barcelona School of Economics**, Spain

Ph.D. in Economics, September 2019 - October 2023, *summa Cum Laude*  
Supervisor: Albert Marcet  
Title: “*Monetary Policy and Inflation Expectations*”  
Committee: Joan Llull, Marek Jarociński, Emanuel Mönch

**University of California, Berkeley**, United States of America

Visiting Researcher, August - September 2023  
Host: Yuriy Gorodnichenko

**Universitat Autònoma de Barcelona & Barcelona School of Economics**, Spain

MRes in Economics, 2017-2019

**The University of Warwick**, United Kingdom

MSc in Economics and International Financial Economics, 2014-2015  
One of three Distinction Holders

**The University of Warwick**, United Kingdom

BSc in Economics, 2011-2014

## WORKING PAPERS

**Targeting Inflation Expectations?** Finalist ECB Young Economist Prize 2023, *Submitted*

**Optimal Disinflation with Delegation and Limited Credibility** with Luis E. Rojas, Barcelona School of Economics Working Paper 1401

## WORK IN PROGRESS

**Evolution of Expectations with Inflation Targeting and Optimal Policy**

**Wage Price Spirals** with Valerio Pieroni, Marta Rodriguez, and Clemente Pinilla-Torremocha

**Networked Inflation Expectations: A closer look at Professional Forecasters** with Gabriela Stockler

**Are you thinking what I’m thinking? Consensus Among Professional Forecasters** with Miguel C. Herculano and Gabriela Stockler

AWARDS AND  
FELLOWSHIPS

Finalist Young Economist Prize, European Central Bank, 2023  
Research grant 2021 SGR 00194 from Generalitat de Catalunya, Spain, 2022-2024.  
FPI Fellowship by the Ministry of Science and Innovation, Spain, 2020-2024  
Barcelona GSE Severo Ochoa PhD Track Fellowship, 2017-2020

PRESENTATIONS  
INCLUDING  
SCHEDULED  
\* CO-AUTHOR

2024: 31st Annual Society for Nonlinear Dynamics and Econometrics Symposium\*, Oxford - CEPR  
Central Bank Communication Workshop, Scottish Economic Society Annual Conference, University  
of Glasgow Macro Brown Bag, Bank of England (*Invited*)  
2023: Bank of Lithuania, Universidad de Alicante, University of Sussex, 30th Annual Society for Non-  
linear Dynamics and Econometrics Symposium, University of Glasgow, Applied Young Economist  
Webinar, Third Catalan Economic Society Conference, PhD Economics Virtual Seminar, 13th CE-  
Sifo Macroeconomics and Survey Data Conference (Poster Presentation), ECB Forum on Central  
Banking, Macro Research Network (Money Macro and Finance Society), Expectations in Dynamic  
Macroeconomic Models, University of California, Berkeley, Central Bank Communication RPN Sem-  
inar Series, SAEe 2023, European Winter Meeting of the Econometric Society  
2022: University of Mannheim, BSE Jamboree, Essex-Barcelona PhD Workshop, ENTER Jam-  
boree, UAB Macro Club, Central Bank Macroeconomic Modeling Wãorkshop, 47th Simposio de la  
Asociación Española de Economía (SAEe 2022)  
2021: ENTER Student Seminar, Barcelona, UAB Macro Club, ENTER Jamboree (Discussant)  
2020: Universitat Autònoma de Barcelona Macro Club, Barcelona

TEACHING  
EXPERIENCE

**University of Glasgow**, United Kingdom  
*Course Co-ordinator & Co-Lecturer*, Growth and Development, 2024-25  
*Co-Lecturer*, Growth and Development, 2023-24  
MSc Economic Development

**University of Glasgow**, United Kingdom  
*Supervisor*, Undergraduate Dissertation  
BSc Economics, BSc Business Economics

**Prague-Glasgow Summer School in Economics**, Czech Republic  
*Lecturer*, Tell me Something you know: Beliefs in Macroeconomics  
MSc Economic Development, Summer 2024

**University of Glasgow**, United Kingdom  
*PhD Thesis Mentor*

**Universitat Autònoma de Barcelona**, Spain  
*Teaching Assistant*, Macroeconomics II (PhD)  
IDEA Graduate Programme

**Barcelona School of Economics**, Spain  
*Teaching Assistant*, Foundations in Equilibrium Analysis  
MSc Macroeconomic Policy and Financial Markets, Autumn 2021-22

**Barcelona School of Economics**, Spain  
*Teaching Assistant*, Macroeconomics  
MSc Macroeconomic Policy and Financial Markets, Autumn 2021-22

RESEARCH  
EXPERIENCE

**Prof. Nezih Guner**, Spain  
*Research Assistant*, January 2022 - June 2022

**The Economic Journal, Royal Economic Society**, United Kingdom  
*Research Assistant*, January 2020 - January 2022

**Center for the Study of Organizations and Decisions in Economics (CODE)**, UAB, Spain  
*Research Assistant*, September 2019 - December 2021

**National Council of Applied Economic Research**, India  
*Research Analyst*, December 2016 - June 2017  
*Research Associate*, December 2015 - December 2016

**Research Assistant for Dr. Shesadri Banerjee**, India  
*Research Assistant*, December 2015 - February 2017

NON-PEER  
REVIEWED  
PUBLICATIONS

Pre-PhD  
*Policy Papers*  
Prices. Bornali Bhandari, Mridula Duggal. QRE, NCAER. January 2016.

Survey of Business Expectations. Bornali Bhandari, Mridula Duggal, Ajay K Sahu. BES, NCAER.  
January 2016-June 2017.

*Newspaper Articles*  
Digital Payment Adoption by Firms. Bornali Bhandari, Mridula Duggal, Ajay K Sahu. Business  
Standard. November 2017.

ACADEMIC  
ACTIVITIES

**1st BSE PhD Expectations Workshop**, Spain  
*Co-organiser*, October 2022

**BSE Summer Forum**, Spain  
Organisation Helper, June 2022

**European Winter Meetings of the Econometric Society**, Spain  
*Student Helper*, December 2021

**Barcelona SE PhD Jamboree**, Spain  
Co-Organiser, October 2021

**Econisers, IDEA (UAB and Barcelona SE)**, Spain  
*Co-founder & Organiser*, September 2020 - July 2022

COURSES,  
WORKSHOPS  
ATTENDED

2021: *Subjective Beliefs in Macroeconomics and Household Finance*  
2020: *Dynare Course - Identification analysis and global sensitivity analysis for Macroeconomic  
Models, CSWEP Mentoring Workshop*

SKILLS

Computer  
STATA, MATLAB, PYTHON, DYNARE,  $\LaTeX$ , Microsoft Office, Photoshop

Languages  
*English (Native), Hindi (Native), French (Basic), Spanish (Basic)*

## REFERENCES

*Albert Marcet*  
*ICREA, CREi, UPF & BSE*  
*Ramon Trigas Fargas, 25-27*  
*Barcelona, 08005, Spain*  
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*University of California, Berkeley*  
*Berkeley, CA 94720-3880, US*  
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*MOVE, UAB & BSE*  
*IDEA Graduate Programme*  
*Barcelona, 08193, Spain*  
 ☎ (+34) 935811359  
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*University of Glasgow*  
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## ABSTRACTS

### **Targeting Inflation Expectations?**

This paper investigates the response of agents' inflation expectations to changes in monetary policy, with a focus on the adoption of Inflation Targeting. Using a New Keynesian model with rational expectations and trend inflation, I find that inflation expectations exhibit an immediate decline following policy announcements. I extend this analysis with an empirical investigation, using data from a survey of professional forecasters across 32 Inflation Targeting countries. Applying a constant-gain learning model and an event study framework, I estimate the effect of regime changes on expectations. The results suggest that realized inflation, rather than expectations, adjusts in response to the regime shift, implying that inflation dynamics lead expectations. This leads agents to over-predict inflation in the aftermath of policy shifts, highlighting the importance of concrete inflation outcomes in shaping beliefs. These findings suggest that central banks can build credibility over time by providing tangible evidence that reinforces their policy objectives.

### ***Optimal Disinflation with Delegation and Limited Credibility***

*We examine the challenge faced by a government aiming to implement a gradual reduction in inflation by entrusting monetary policy to an independent central bank with limited credibility. Expanding upon the framework established by Barro and Gordon (1983b), we demonstrate that an optimal policy for minimizing the sacrifice ratio of disinflation involves a gradual disinflationary process coupled with the announcement of intermediate targets. The speed at which disinflation occurs strikes a balance between the objective of enhancing credibility and the associated costs of unexpected inflation. Our theoretical framework provides an explanation for the disinflationary experiences observed in Chile and Colombia during the 1990s, wherein these countries established new monetary institutions and steadily achieved single-digit inflation levels through the annual announcement of decreasing inflation targets. We argue that the use of intermediate targets played a pivotal role in their design, facilitating the establishment of credibility with lower output costs.*

### **Evolution of Expectations with Inflation Targeting and Optimal Policy**

The paper investigates the responsiveness of agents' expectation variance to shifts in monetary policy, utilising subjective expectations to ascertain the speed of learning before and after the implementation of Inflation Targeting. The analysis quantifies the Kalman Gain and the weight agents assign to the inflation target. The findings indicate a sluggish adjustment of agents' expectations to monetary policy changes, suggesting a reliance on an extended inflation history for expectation formation. Additionally, a minor emphasis on the inflation target by agents is observed. Incorporating these insights into an optimal policy model reveals that, regardless of learning speed, a stronger weight placed on the inflation target by agents diminishes the necessity for aggressive central bank responses during high inflation periods. Furthermore, the central bank's response aligns more closely with the rational expectations equilibrium when agents allocate a weight of 10% to the inflation target relative to their beliefs.

***Wage Price Spirals (Work in Progress)***

*This paper investigates the absence of wage-price spirals during the recent inflationary episode following the COVID-19 pandemic. We introduce an adaptive learning framework for households and firms within an economy characterized by sticky wages and prices. Our core hypothesis posits a threshold level of inflation beyond which wage-price spirals emerge, contingent on agents' responsiveness to new information. Below this threshold, wage-price spirals are less likely, potentially explaining their absence in the current inflationary environment. While existing literature often emphasizes bargaining dynamics and conflict between households and firms, our study centers on beliefs and expectations.*

**Networked Inflation Expectations: A Closer Look at Professional Forecasters (Work in Progress)**

Under the assumption of a homogeneous information set, there should be no disagreement amongst forecasters. However, disagreement is a well documented fact of survey expectations. This paper attempts at reconciling the presence of disagreement through a theory of networks among professional forecasters. The paper uses data from the Wall Street Journal Survey of Professional forecasters to document that firms which participate in every period of the survey disagree less than and adjust expectations faster than those who don't. We further attempt to uncover a network amongst the forecasters. We then develop a model of strategic interaction given a fixed network and private information sharing.