

Special Project in Econ Research | Spring '26

Gustavo Pereira

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Introduction

Who am I

- I hold a PhD in Economics from Columbia University
- Currently work at Graham Capital Management as a Portfolio Analyst

Who are you?

- Interest in:
 - 1 Academia?
 - 2 Private sector jobs? Of what kind?
 - 3 Policy job?

Structure of the course

Roadmap I

- ❶ Groups are formed – **deadline: next week (Jan 28)**
 - if there are ungrouped people by week 3, I will act as central planner
- ❷ Pick a few interesting topics you may be interested in writing about
 - I have listed a few here
- ❸ Study the literature on chosen topics and **present to the class**
- ❹ Decide on your own project:
 - usually an incremental research question starting from the presented papers, replication or methodological tweak
 - **weeks 2 - 7**, in parallel with topic presentations
- ❺ Deliver project plan
 - a concrete, actionable plan that can be executed in 7 weeks
 - **deadline: Mar 6th**
 - (continues →)

Roadmap II

- ⑥ Execution: results and write-up
 - Present progress to class throughout the rest of the course
 - Preliminary draft due on April 28th
 - Final write-up due no later than May 8th

Roadmap: advice

- There is little time
- Topic choice
 - Pick a topic quickly and commit; do not overexplore
- Literature/topic presentations
 - Do not fall into the 'earlier literature' trap
 - Keep in mind whether you have access to relevant data
- You will need to allocate significant time each week. You will not be able to 'wing it'
- I expect you to pro-actively seek feedback and advice
 - The best projects so far have been done by groups that sought consistent feedback

What constitutes a reasonable project

- ❶ Extension of existing literature
 - Applies same methodology to different (preferably **interesting**) context
 - Different methodology to same question
- ❷ A successful replication of an advanced empirical/computational paper
- ❸ Original ideas are welcome
 - Advice: be modest

Evaluation

- ➊ Evaluation criteria:
 - ➊ Class participation (20%)
 - Ability to demonstrate understanding of literatures
 - Intake of professor / classmate feedback
 - ➋ Final draft quality (80%)

Comments on project requirements

- Needs to be a complete draft with introduction, literature review, methodology, findings and conclusion
- No requirement in terms of number of words or number of pages
 - you will get **no points** for adding boilerplate text / adjectives / adverbs
- Syllabus will be uploaded by next week

Topics

Interest rate trends in developed markets

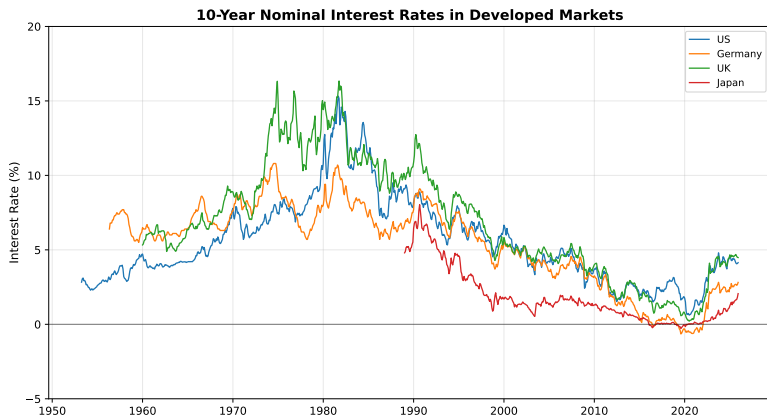


Figure: Nominal interest rates in developed markets, 1950s–present

- Rose gradually from early 1950s, peaked in early-to-mid 1980s
- Declining trend since then to historically low levels by 2010s

Are we still in a secular stagnation world?

- Post-GFC world characterized by: low inflation, low growth, low interest rates
- Academics believed structural / secular shift drove interest rates down
 - Population growth / demographic shifts
 - Eggertsson, Mehrotra, and Summers 2016
 - Financial frictions
 - Caballero, Farhi, and Gourinchas 2008
- Question: are we going back to 2010-2020 equilibrium, or are rates 'higher for longer' ?
 - Holston, Laubach, and Williams 2017

What are the limits to DMs fiscal capacity?

- Large, wartime-like fiscal expansion after 2020 pandemic
 - subsequent inflation + contractionary monetary policy
 - decline in value of government bond stock \Rightarrow loss to bondholders
- Questions:
 - 1 What is the connection between the size of fiscal expansion and current level of rates?
 - 2 How much additional fiscal capacity does 'dollar dominance' impart into US government?
 - 3 How much gov't deficit countercyclicality was / is priced into government yield curves?
- References:
 - Gomez Cram, Kung, and Lustig 2025
 - Jiang et al. 2023

The (macro-)economic impact of AI

- Quantifying AI: labor market impacts
 - Source of massive white-collar unemployment?
 - Large productivity gains?
 - References:
 - Acemoglu 2025
 - Eloundou et al. 2024
- AI and asset prices
 - 'Magnificent seven' explained bulk of stock market returns in the US over last few years
 - How much do public and private valuations reflect reasonable fundamentals?
 - Can such elevated asset prices be justified in general equilibrium?
 - Caballero 2025

Resources

Literature

- Google scholar is your friend
- If not doing so already, subscribe to NBER working paper series
 - A number papers that end up being published in the best journals first show up in NBER
 - Good for understanding what are hot topics
 - You can filter by topics of interest

Data

- For macroeconomic data, the St. Louis Fed FRED has plenty of relevant data
 - API accessible, so AI friendly
- NYU libraries offer many datasets
 - Most relevant for financial markets is WRDS
- Academic papers often have 'replication packages'

AI

- Some words on AI usage
 - Cursor, claude code, chatbots, workflow managers - all fair game for experimenting
 - AI still clearly lags in writing a cohesive document

Biblio

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