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DESIRED RESEARCH AND TEACHING FIELDS:

Primary	Secondary
Macroeconomics	Monetary Policy
Rational Inattention	International Economics
Finance	

DISSERTATION: "Essays in Macroeconomics: Expectations and Monetary Policy"

Expected Date of Completion:	May 2019
Principal Advisor:	Professor Yuriy Gorodnichenko
Other References:	Professors Amir Kermani, Filip Matjěka (CERGE-EI), Raymond Hawkins

PRE-DOCTORAL STUDIES:

New York University, BA with Highest Honors in Economic Theory and Mathematics (2011)

RESEARCH EXPERIENCE:

C.S.W.E.P. Summer Dissertation Fellowship, Federal Reserve Bank of New York (2017)
Research Assistant to Professor Yuriy Gorodnichenko (2014-2016)
Associate Analyst, NERA Economic Consulting (2011-2013)

TEACHING EXPERIENCE:

Teaching Assistant, Department of Economics, U.C. Berkeley (2014-2018)
 Undergraduate Financial Economics, Undergraduate Game Theory
Certificate in Teaching and Learning in Higher Education (2017)

FELLOWSHIPS AND AWARDS:

2018	Doctoral Completion Fellowship, U.C. Berkeley
2017	Research Grant, Clausen Center for International Business and Policy
2016	Research Grant, Fisher Center for Real Estate and Urban Economics, Haas School of Business
2016	Outstanding Graduate Student Instructor Award, U.C. Berkeley
2013	Honorable Mention for the Graduate Research Fellowship, National Science Foundation

JOB MARKET PAPER:

"The Inattentive Consumer: Sentiment and Expectations"

Expectations play a crucial role in macroeconomic models and are commonly assumed to be full-information rational. However, information is vast, costly to obtain, and difficult to understand. Using survey data, I show that consumer beliefs about economic variables are driven by a single component: sentiment. When consumers are "optimistic" (have positive sentiment), they expect the economy to expand but inflation to *decline*. This correlation stands in contrast to recent U.S. experience. I explain these stylized facts with a model of a rationally inattentive consumer who faces uncertainty about fundamentals. To economize on information costs, the consumer chooses to reduce the dimensionality of the problem and obtain a signal that is a linear combination of fundamentals. Optimal information gathering results in covariances of beliefs that differ from the underlying data-generating process, and in particular leads to countercyclical price beliefs. Thus, monetary policies that aim to stimulate the economy by raising inflation expectations can have counterproductive consequences.

PUBLICATIONS:

"The Formation of Expectations, Inflation, and the Phillips Curve" (with Olivier Coibion, Yuriy Gorodnichenko*)*
Journal of Economic Literature, December 2018

This paper argues for a careful (re)consideration of the expectations formation process and a more systematic inclusion of real-time expectations through survey data in macroeconomic analyses. While the rational expectations revolution has allowed for great leaps in macroeconomic modeling, the surveyed empirical micro-evidence appears increasingly at odds with the full-information rational expectation assumption. We explore models of expectation formation that can potentially explain why and how survey data deviate from full-information rational expectations. Using the New Keynesian Phillips curve as an extensive case study, we demonstrate how incorporating survey data on inflation expectations can address a number of otherwise puzzling shortcomings that arise under the assumption of full-information rational expectations.

WORK IN PROGRESS:

"The Securitization and Solicited Refinancing Channel of Monetary Policy"

I propose and document the "securitization and solicited refinancing channel," a novel transmission mechanism of monetary policy and its heterogenous regional effects. The hypothesis is that mortgage lenders who sell their originations to Government Sponsored Enterprises (GSEs) or into securitizations no longer hold the loan's prepayment risk, and when rates drop, these lenders are more likely to signal to their borrowers to refinance, resulting in more borrower refinancing. A regression analysis finds that in response to decline in mortgage-backed security (MBS) yields, regions where originate-to-sell-or-securitize lenders operate see more refinancing activity than regions where originate-to-hold lenders operate. The findings have important implications for (i) the efficacy of policy to increase refinancing, lower mortgage payments, and stimulate demand, (ii) the distributional consequences of monetary policy, and (iii) how the GSEs and securitization may play a key role in the pass-through to the housing market.

"Indian Demonetization and Real Effects" (with Walker Ray, Mauricio Ulate)

On November 8, 2016, India demonetized all outstanding 500 and 1,000 rupee notes, removing 86% of cash in circulation. New 500 and 2,000 rupee notes were eventually issued, but the process of printing and distribution took longer than anticipated. The motive for demonetization was to crack down on counterfeiting and money laundering and, as such, was unrelated to the state of the Indian macro-economy. Therefore, Indian demonetization can serve as a unique natural experiment to study the real effects of monetary shocks, price rigidities, and relative substitution patterns following a liquidity crunch. This project uses disaggregated data on prices and quantities of different consumption categories across regions in India to study these topics. Our results suggest that the prices of agricultural goods responded strongly and somewhat persistently to demonetization; however, the household consumption response was more muted.

"Polarized Expectations" (with Walker Ray)

This paper explores the role of political polarization in shaping the economic expectations of households. Using survey data, we find that the rise in political polarization has led to polarized beliefs about macroeconomic fundamentals. We then develop a rational inattention model in which heterogeneous households choose from where to get their information. We show that an increasing number of information sources leads to growing ex-post disagreement about economic fundamentals, even when these sources are unbiased. Further, under general conditions there is a "paradox of information" where falling information costs exacerbates disagreement.

REFEREEING SERVICE:

Journal of Monetary Economics; Review of Economics and Statistics; International Journal of Central Banking; European Economic Review