

SEBASTIAN RAST

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RESEARCH INTERESTS

Macroeconomics, Monetary Policy, Applied Macroeconometrics, Inflation expectations

REFERENCES

Evi Pappa

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Leonardo Melosi

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Russell Cooper

European University Institute
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Roberto Motto

European Central Bank
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EDUCATION

PhD Candidate, Department of Economics European University Institute, Florence Thesis title: Essays on the dynamics of inflation expectations Expected completion date: May 2022 Advisors: Evi Pappa, Leonardo Melosi	<i>Aug 2016 - Present</i>
Visiting PhD student University of California at Berkeley; Host: Jón Steinsson	<i>Aug 2019 - Dec 2019</i>
Master of Research in Economics European University Institute, Florence	<i>Aug 2016 - Aug 2017</i>
Master Degree in Economics and Finance Barcelona Graduate School of Economics	<i>Sept 2014 - July 2015</i>
Bachelor of Science in Economics University of Mannheim	<i>Sept 2011 - July 2014</i>
Erasmus student University of Warwick	<i>Jan 2014 - June 2014</i>

WORK EXPERIENCE

PhD Trainee at European Central Bank, Monetary Policy Strategy Division	<i>Feb 2020 - Feb 2021</i>
Research Assistant to Russell Cooper	<i>Spring 2019</i>
Trainee at European Central Bank, Monetary Policy Strategy Division	<i>Aug 2015 - July 2016</i>
Intern at ifo Institute, Business Cycle Analysis	<i>July 2013 - Sept 2013</i>
Intern at MVV Trading GmbH, Risk Management	<i>July 2012 - Sept 2012</i>

TEACHING EXPERIENCE

Household Finance, EUI Advanced PhD Course, TA to Russell Cooper	<i>Fall 2018</i>
Topics in Fiscal Policy, EUI Advanced PhD Course, TA to Axelle Ferriere	<i>Fall 2017</i>
Matlab Mini-course, EUI PhD	<i>Fall 2017</i>
Analysis, Mannheim Undergraduate	<i>Fall 2012, Fall 2013</i>

JOB MARKET PAPER

Central Bank Communication with the General Public: Survey Evidence from Germany

This paper studies the effect of different types of monetary policy announcements on household inflation expectations based on micro data from a survey of German households. As unique feature, interviews of the survey were conducted both shortly before and after monetary policy events. This timing provides a natural experiment to identify the immediate effects of policy announcements on household inflation expectations. In contrast to most existing studies, the availability of the survey over a period of 15 years also allows me to exploit the time-series dimension to estimate how policy announcements affect household inflation expectations over the medium-term. I find that policy rate announcements lead to quick and significant adjustments in household inflation expectations with the effect peaking after half a year. Announcements about forward guidance and quantitative easing, on the other hand, have only small and delayed effects. My results suggest that monetary policy announcements can influence household expectations but further improvements in communication seem to be necessary to reach the general public more effectively. In particular, in an environment where policy rates are constrained by the effective lower bound, it may be very hard for central banks to influence household expectations.

WORKING PAPERS

Uncovering the heterogeneous effects of news shocks to underlying inflation (joint with Evi Pappa and Alejandro Vicondoa)

We identify in a SVAR shocks that best explain future movements in different measures of underlying inflation over a five-year horizon and label them as news augmented shocks to underlying inflation. Independently of the measure used, such shocks raise the nominal rate and inflation persistently, while they induce mild and short-lived increases in economic activity. The extracted inflation shocks have differential distributional effects. They increase significantly and persistently the consumption of mortgagors and home owners. Differently from the traditional monetary policy disturbances, news augmented shocks to underlying inflation induce a positive wealth effect for mortgagors and home owners, driven by a reduction in the real mortgage payments and a persistent increase in real house prices that they induce.

Anchoring long-run inflation expectations in a panel of professional forecasters (joint with Jonas Fisher and Leonardo Melosi)

We use panel data from the US Survey of Professional Forecasters to estimate a model of individual forecaster behavior in an environment where inflation follows a trend-cycle stochastic process. Our model allows us to estimate forecasters' allocation of attention when learning about long-run inflation and how sensitive their long-run expectations are to incoming inflation and news about future inflation. We use our model of individual forecasters to study *average* long-run inflation expectations. We find that short term changes in inflation have small effects on average expectations. News about future inflation has larger effects but they are still relatively small. These features of our estimated model provide an explanation for why the anchoring and subsequent de-anchoring of average inflation expectations over the period 1991 to 2020 were long lasting episodes. We use our estimated model to investigate the degree of inflation overshooting necessary to re-anchor average long term inflation expectations going forward from 2021Q3. We find the high inflation readings of mid-2021 must be followed by overshooting generally at the high end of Fed projections to re-anchor inflation expectations to pre-Great Recession levels by the end of 2024.

WORK IN PROGRESS

QE during low and high financial stress times: the US experience (joint with Roberto Motto and Annukka Ristiniemi)

Durables and Portfolio Choice: Response to Aggregate Shocks (joint with Juan Castellanos Silván and Russell Cooper)

The effect of news about prices: evidence from the Italian auto insurance market (joint with Marco Cosconati and Leonardo Melosi)

Bank and non-bank balance sheet responses to monetary policy shocks (joint with Frédéric Holm-Hadulla and Falk Mazelis)

POLICY ARTICLES

“Forecasting Properties of Indicators for Predicting GDP Growth in Germany“ (with Steffen Henzel), ifo Schnelldienst 66(17), 39-46, Sep 2013, [Link](#)

PROFESSIONAL ACTIVITIES

Presentations and Seminars (including scheduled)

2nd Oxford NuCamp PhD Workshop, 2021, 3rd QMUL Economics and Finance Workshop, 2021; Bundesbank Research Centre, 2021; EUI Macro Working Group, 2021; CEBRA Annual Meeting, 2020; EUI Fourth-Year Forum, 2020; Berkeley Macro Colloquium, 2019

Refereeing

Journal of Economic Dynamics and Controls, European Economic Review

Others

Co-Organizer EUI Macro Working Group *2017-2018*

ADDITIONAL COURSEWORK

Heterogeneous Agent Models in Continuous Time with Monetary Policy Applications (Moll, Mannheim 2018); Financial Frictions and Macroprudential Policies (Kiyotaki, Florence 2018); Regime switching in VAR and DSGE models: theory and applications (Maih, Waggoner, Oslo 2018); Estimation, Forecasting, and Policy Analysis with DSGE and Time-Series Models (del Negro, Madrid 2017); Advances in the Computational Methods for Models with Occasionally Binding Constraints (Canova, den Haan, Maih, Florence 2017)

AWARDS

PhD Completion Grant, European University Institute	<i>2019-2020</i>
EUI Grant for Exchange at the University of California at Berkeley	<i>2019</i>
PhD Grant, German Academic Exchange Service (DAAD)	<i>2016 - 2020</i>
Fellowship, German National Academic Foundation	<i>2014 - 2018</i>
UniCredit-Barcelona GSE Scholarship, UniCredit & Universities	<i>2014 - 2015</i>

SKILLS

Languages English (fluent), German (native)

Computing MATLAB, Stata, Julia, Dynare, RISE, R (basic), LaTeX, Microsoft Office

Other software Thomson Reuters Datastream, Bloomberg