SEBASTIAN RAST

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RESEARCH INTERESTS

Macroeconomics, Monetary Policy, Applied Macroeconometrics, Inflation expectations

REFERENCES

Evi Pappa	**Leonardo Melosi**
Universidad Carlos III Madrid	Federal Reserve Bank of Chicago
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Russell Cooper	**Roberto Motto**
European University Institute	European Central Bank
russellcoop@gmail.com	roberto.motto@ecb.europa.eu

EDUCATION

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

WORK EXPERIENCE

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

TEACHING EXPERIENCE

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

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 augmented shocks to trend inflation (joint with Evi Pappa and Alejandro Vicondoa)

We identify in a SVAR shocks that best explain future movements in trend inflation at a five-year horizon and label them as news augmented shocks to trend inflation. Such shocks raise the nominal rate and inflation persistently, while they induce mild and short-lived increases in economic activity. The extracted trend inflation shocks have differential distributional effects. They significantly increase the consumption of mortgagors and home owners in comparison to renters' consumption. Differently from the traditional monetary policy disturbances, news augmented shocks to trend inflation induce a positive wealth effect for home owners, driven by a reduction in the real mortgage payments and an increase in real house prices that they induce. Our results suggest that policies that affect future trend inflation are effective in reaching higher inflation levels but they come at the cost of higher consumption inequality.

Anchoring Inflation Expectations from Surveys (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 standard trend-cycle 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 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 long term 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 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 Fédéric 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	*2019-2020*
EUI Grant for Exchange at the University of California at Berkeley	*2019*
PhD Grant, German Academic Exchange Service (DAAD)	*2016 - 2020*
Fellowship, German National Academic Foundation	*2014 - 2018*
UniCredit-Barcelona GSE Scholarship, UniCredit & Universities	*2014 - 2015*

SKILLS

Languages English (fluent), German (native)

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

Other software Thomson Reuters Datastream, Bloomberg