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Current Employment
IMF, Research Department, Economist, 2009 -
University of Lausanne, Assistant Professor of Economics, 2006 -, on leave 2009/2010

Education
Stockholm University, Institute for International Economic Studies, Ph.D. in Economics, 2006
Princeton University, Visiting Student Research Collaborator, 2002-2003
London School of Economics, M.Sc. in Econometrics and Mathematical Economics, 1999
Bocconi University, Milan, B.Sc. in Economics, 1997, graduated *summa cum laude*

Major Fields of Interest
Macroeconomics, Monetary Economics, Applied Econometrics, Applied Theory

Teaching and Research Experience
Swiss Finance Institute, Applied Contract Theory, Ph.D. in Finance, Fall, 2008.
HEC University of Lausanne: Macroeconomic Policy, M.Sc. in Economics, Fall, 2007-2009.
Swiss Finance Institute, Macroeconomics, Ph.D. in Finance, Fall, 2007.
HEC University of Lausanne: Business Cycles M.Sc. in Economics, Spring, 2007, 2008

Research Papers

Publications
Reconsidering the Role of Money for Output, Prices and Interest Rates
(with Paolo Giordani) --- *Journal of Monetary Economics* 2009, 56 (3)

New Keynesian models of monetary policy predict no role for monetary aggregates, in the sense that the level of output, prices, and interest rates can be determined without knowledge of the quantity of money. This paper evaluates the empirical validity of this prediction by studying the effects of shocks to monetary aggregates using a VAR. Shocks to monetary aggregates are identified by the restrictions suggested by New Keynesian monetary models. Contrary to the theoretical predictions, shocks to broad monetary aggregates have substantial and persistent effects on output and prices.

Working Papers

Credit Supply and the Price of Housing
(with Jean Imbs)

We show that since 1994, branching deregulations in the U.S have significantly affected the supply of mortgage credit, and ultimately house prices. With deregulation, the number and volume of originated mortgage loans increase, while denial rates fall. But the deregulation has no effect on a placebo sample, formed of Independent Mortgage Companies that should not be affected by the regulatory change. This sharpens the causal interpretation of our results. Deregulation acts to relax access to mortgage credit, and pushes the demand for house ownership outwards. Interestingly, the fraction of securitized mortgage loans remains unchanged through the process. We find evidence house prices rise with branching deregulation, and particularly in Metropolitan Areas where construction is inelastic for topographic reasons. We document these results in a large sample of counties across the U.S. We also focus on a reduced cross-section formed by counties on each side of a state border, where a regression discontinuity approach is possible. Our conclusions are strengthened.

Is shareholders' strategic default behavior priced? Evidence from the international cross-section of stocks (submitted)
(with Enrique Schroth and Philip Valta)
LECG Prize for Best Conference Paper, EFA Bergen, August 2009

We test whether equity risk reflects the shareholders' incentives to default strategically on the firm's debt obligations. We develop a model that relates shareholders' incentives to default strategically with the likelihood debt renegotiations fail. We then use an international cross-section of stocks to exploit the exogenous variation of insolvency procedures across countries and test the model's predictions. Consistent with the model, we find that the equity beta increases with the degree of creditor protection. Moreover, the equity beta decreases with the costs of liquidation and shareholders' bargaining power, and the sensitivity of this relationship weakens as country's creditor protection toughens. These results are economically important, and robust to various specifications and estimation techniques.

House Price Dynamics with Dispersed Information (submitted)
(with Zheng Michael Song)

We use a user-cost model to study how dispersed information among housing market participants affects the equilibrium housing prices. In the model, agents consume housing services, speculate on price changes and are disparately informed about local economic conditions. Information dispersion leads agents to form heterogeneous expectations about housing demand and prices. Optimists, who expect high house price growth, buy in anticipation of capital gains, while pessimists prefer to rent housing units to avoid capital losses. The upshot is that pessimistic expectations are not incorporated in the price of owned houses and, thus, the equilibrium price is higher relative to the benchmark case of common information. We test the predictions of the model on US cities, using the dispersion of city income as a proxy for the dispersion of information of local economic condition. The empirical evidence supports the prediction that house prices are higher and more volatile in cities where information is more dispersed.

Short-Sale Constraints, Higher Order Expectations and Asset Pricing (work in progress) (with Zheng Michael Song).

We study the effects of short-sale constraints on asset prices using a dynamic noisy rational expectation model with differential information between investors. We find that differences in investors' posterior beliefs lead asset prices to deviate from the fundamental value and the size of the price misalignment is increasing in expectation differences. We also find that if investors' decisions depend on the expectation of other investors' expectations, higher order beliefs reduces the degree of information heterogeneity and limit the extent of asset mis-pricing. This is because higher order expectations force investors to put more weight on public signals and less on private signals which, in the presence of short sale constraints and difference of opinions, force asset prices to deviate from the fundamental value.

Agency Problem and Endogenous Economic Fluctuations (submitted)

This paper proposes a theory of investment fluctuations where the source of the oscillating dynamics is an agency problem between financiers and entrepreneurs. A central tenet of the theory is that investment decisions depend upon entrepreneurs' initiative to select investment projects ex-ante, and financiers' incentive to control entrepreneurs ex-post. Too much control discourages entrepreneurial incentive to initiate new investment, while too little control jeopardizes its productivity. This trade-off generates investment dynamics that mimic those of a standard credit frictions model, in which more entrepreneurial net worth leads to higher investment. The same trade-off is capable of generating endogenous reversal of investment booms, induced by an ongoing deterioration of project profitability. Investment fluctuations take place even though no external shocks hit the economy, and even though agents are perfectly rational.

An Empirical Reassessment of the Relationship between Finance and Growth (submitted)

This paper re-examines the empirical relationship between financial development and economic growth. It presents evidence based on an a variety of econometric methods and two standard measures of financial development: the level of liquid liabilities of the banking system and the amount of credit issued to the private sector by banks and other financial institutions. There are two main findings. First, cross section and panel data instrumental variables regressions reveal that financial development and economic growth are correlated but financial development does not cause economic growth. Second, using a procedure appropriately designed to estimate long-run relationships in a panel with heterogeneous slope coefficients, there is evidence that the finance-growth relationship is quite heterogeneous across countries and no clear indication that finance spurs economic growth.

Awards and Grants
Jan Wallanders, Ph.D. scholarship 2000-2006.
Jan Wallander and Tom Hedelius Foundation, 2002
Ferdinando Bocconi: full scholarship, 1990-96

Seminar and Conference Presentations:
ECB, Erasmus University Rotterdam, Federal Reserve Board, Fudan University (Shanghai), HEC Lausanne, IMF, IIES (Stockholm), London Business School, Stockholm School of Economics, Sverige Riksbank, University of Essex, CEPR/Bank of Finland Conference "Credit and the Macroeconomy", CREI (UPF), University of Zurich (IEW), SED 2007, 1st Nordic Summer Symposium in Macroeconomics" 2007, Macrodynamic Workshop, Universita' Cattolica, Milan 2007, University of Zurich (ISB), Royal Economic Society, 2008 Warwick, Swiss Society of Economics and Statistics, Bocconi University, University of Verona, Universita di Padova, Ente Luigi Einaudi (Roma), Universita' Luiss, Summer Meeting of the Econometric Society, 2008, AEA Annual Meetings, 2009, LSE/FMG conference on Housing and the Macroeconomy, 2009, EEA Annual Meetings, 2009, EFA Annual Meetings, 2009, SED Dynamics, 2009

Ad Hoc Referee
Review of Economic Studies, Journal of Monetary Economics, Journal of Money Credit and Banking, Canadian Journal of Economics, European Economic Review, Journal of International Economics, Journal of Development Economics, Journal of Economic Theory, Journal of Economics Dynamics and Control.

References

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