



The Research Group of
the Federal Reserve Bank of New York
2009/2010

CONTENTS

To Prospective Job Candidates	3
A Vast Portfolio of Research Assets	5
Resident and Junior Resident Scholars Programs	16
Our Economists at a Glance: Current Research	18
The Research Group’s Policy Work	20
Research Functions and Personnel	
<i>Director of Research Joseph S. Tracy</i>	23
<i>Capital Markets</i>	24
<i>Financial Intermediation</i>	26
<i>International Research</i>	28
<i>Macroeconomic and Monetary Studies</i>	30
<i>Microeconomic and Regional Studies</i>	33
<i>Money and Payments Studies</i>	35

TO PROSPECTIVE JOB CANDIDATES:

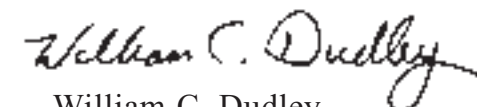
We are pleased that you are interested in joining the Federal Reserve Bank of New York's Research and Statistics Group.

The New York Fed stands at the center of the national and world economies, playing a major role in the formulation and execution of monetary policy, the operation of payments systems, and the supervision and oversight of financial institutions and markets. This leadership position has been especially evident over the past two years, as the Bank moved aggressively to manage the ongoing financial crisis. To perform to the highest standards in such a demanding environment, we look to our superb group of economists to provide analysis and advice based on rigorous research and a comprehensive knowledge of the issues.

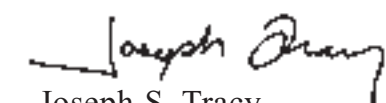
To maintain our strong research capability, we are continually adding to our team of economists. We seek to attract and retain the most highly qualified individuals by creating an environment that is rich in opportunities. We offer our economists not only direct engagement in policy at senior levels but also broad flexibility to pursue independent research. We have in place—and are committed to maintaining—a distinguished academic research program that sets a high value on publication in the top professional journals. We also encourage participation in conferences and frequent collaboration with the broader academic and policy communities.

We are excited by the challenges and opportunities that the New York Fed offers. We are sure that you will share in that excitement if you join our research team.




William C. Dudley
President
and Chief Executive Officer




Joseph S. Tracy
Executive Vice President
and Director of Research

A VAST PORTFOLIO OF RESEARCH ASSETS

The New York Fed’s Research and Statistics Group combines leading-edge academic research with rigorous policy analysis in an intellectually dynamic and collegial environment.

This brochure offers an overview of our research and policy work and describes the distinctive culture and resources of the Group. It also details the responsibilities of our six functions, identifies our current staff of economists, and highlights the economists’ research interests and recent publications.

A First-Rate Research Community

Our strongest asset is our more than sixty Ph.D. economists, a concentration of expertise larger than that of most university economics departments. Recognized as leading researchers in their fields, these individuals bring breadth and depth to their work in macroeconomics, banking, payments, finance, applied microeconomics, and international economics.

Our economists have compiled an impressive record of publishing in the most highly regarded economics and finance journals. Since 2001, nearly forty articles by New York Fed economists have appeared in the *American Economic Review*, the *Journal of Finance*, the *Journal of Financial Economics*, the *Journal of Political*

Economy, the *Quarterly Journal of Economics*, the *Review of Economic Studies*, and the *Review of Financial Studies*. Our economists’ work is also extensively represented in the top field journals and in other important outlets.

New York Fed economists complement their publishing activity by serving on a variety of editorial boards. Current and recent assignments include:

- Rajashri Chakrabarti, *Education Finance and Policy*
- Marco Del Negro, *Economic Inquiry*
- Kenneth Garbade, *Review of Derivatives Research*
- Linda Goldberg, *Journal of International Economics*

The New York Fed is an ideal place to conduct financial markets research. It gives economists the opportunity to interact on a regular basis with the Bank’s Markets Group, where trading on behalf of the Federal Reserve System occurs, and with Bank Supervision staff—while working in a rigorous academic environment.

Tobias Adrian, MIT
Capital Markets Function



The New York Fed is a great place for economists who want to combine their research with policy work. It provides an opportunity to work with the most renowned academics in the world through the Visiting Scholars Program and seminars, as well as access to the policy decision-making process.

Mary Amiti, London School of Economics and Political Science
International Research Function



- Jan Groen, *Journal of Money, Credit, and Banking*
- Andrew Haughwout, *International Regional Science Review; Journal of Regional Science*
- Todd Keister, *Macroeconomic Dynamics*
- Antoine Martin, *Journal of Money, Credit, and Banking*
- Donald Morgan, *Journal of Money, Credit, and Banking*
- Paolo Pesenti, *Journal of International Economics; Journal of Money, Credit, and Banking*
- Simon Potter, *Macroeconomic Dynamics*
- Joshua Rosenberg, *Journal of International Financial Markets, Institutions, and Money*
- João Santos, *Journal of Financial Services Research*

- Til Schuermann, *Journal of Risk*
 - Wilbert van der Klaauw, *Journal of Business and Economic Statistics; LABOUR: Review of Labour Economics and Industrial Relations*
 - Zhenyu Wang, *Annals of Economics and Finance; Journal of Empirical Finance; Journal of International Financial Markets, Institutions, and Money; Management Science*
- Our economists are also highly visible in the profession, presenting research at preeminent colleges and universities worldwide. They have given papers at the American Economic Association, the American Finance Association, the Bank for International Settlements, the International Monetary Fund, the National Bureau of Economic Research, the U.S. Treasury Department, and the world's central banks.

The Research Group's collegial atmosphere leads to a remarkable amount of discussion and collaboration across fields. In addition, the seminar series and visitors program are first rate and provide excellent opportunities for exchange with other economists.

Todd Keister, Cornell
Money and Payments Studies Function



A First-Year Plan Focusing on Research and Publication

The Research Group recognizes how important it is for young economists to get their research agenda under way as quickly as possible. For new Ph.D. hires, the primary goal in the first year is to produce research and publish in the major journals. To that end, we have designed a first-year plan that allows new economists to devote 90 percent of their time to developing publishable work. We provide additional support in the form of state-of-the-art computing capabilities, ready access to a wide range of economic data, and the assistance of highly trained research associates.

In the first year, new Ph.D. economists also familiarize themselves with the New York Fed's policy missions by interacting with economists in their area and with other professionals

Bankwide. They may contribute to a team working on a policy issue or help prepare a briefing on economic developments for the Bank's president and senior officers.

A Collegial Culture

The environment here fosters an extraordinary degree of collaboration and exchange. Economists regularly work together on policy initiatives, and this interaction encourages a lively team spirit that can be missing in academic departments. In addition, economists frequently coauthor articles and make joint presentations.

Adding to the collegial nature of the Research Group is the lack of a divide between senior and junior staff; there is virtually no hierarchy setting new economists apart from their more experienced colleagues.

My research here has been enriched by work on real-world policy issues. In fact, some of my best research ideas have come directly from questions raised by colleagues in Bank Supervision and from issues that have surfaced during policy debates.

Beverly Hirtle, MIT
Financial Intermediation Function



The New York Fed offers an unusually collegial environment for young economists to develop their research. I don't know of another institution that provides the same level of support—in the form of attention from senior colleagues, time for research, promotion of one's work, access to high-level data sets, and the assistance of full-time research associates.

Rebecca Hellerstein, UC Berkeley
International Research Function



Economists looking for a dynamic and exciting work environment will be glad they joined the New York Fed. Each day brings new economic questions to answer and challenges to address, with potentially far-reaching implications.

Ayşegül Şahin, University of Rochester
Macroeconomic and Monetary Studies Function



It's a great experience working in the Research Group. You have the ability to put your own academic research to work, which stimulates participation in the policy debate and the development of new ideas.

Argia Sbordone, Chicago
Macroeconomic and Monetary Studies Function



An Environment Where
Ideas Flourish

The Research Group benefits greatly from the New York Fed's proximity to top-tier universities. Over the past few years, the Group has cosponsored a number of conferences with institutions such as Columbia, Harvard, NYU, and Princeton. Fed economists frequently give seminars at these and other institutions.

Teaching Activity

Economists also enjoy the opportunity to teach while on staff—whether they take a leave of absence from the Bank or teach part time while here. Recent teaching activities include:

- Tobias Adrian, Princeton; Seoul National University
- Gauti Eggertsson, Princeton; Yale
- Stefano Eusepi, NYU

- Andrea Ferrero, NYU
- Michael Fleming, NYU
- Linda Goldberg, Princeton
- Andrew Haughwout, Princeton
- Rebecca Hellerstein, NYU
- James McAndrews, Pennsylvania
- Donald Morgan, Columbia; NYU
- Paolo Pesenti, NYU; Princeton; University of Oslo
- Simon Potter, NYU
- Til Schuermann, Columbia; Wharton
- Andrea Tambalotti, Columbia; NYU
- James Vickery, Princeton; NYU
- Zhenyu Wang, Columbia
- Tanju Yorulmazer, NYU

Sabbatical Program

Our sabbatical program offers economists opportunities to concentrate fully on their own research. The program enables individuals pursuing a specific plan of study to devote up to 100 percent of their time to qualifying work.

Under the program, economists with four or more years of service at the Bank can apply to take between two and twelve months of leave. They receive 90 percent of their salary while on the first six months of leave and 75 percent during the next six months. Economists can also work part time while on sabbatical if the employment contributes to their professional development. For example, an economist can hold a visiting position at a university or other research institution, with limited teaching or other responsibilities.

Economists have taken advantage of the program to work at such institutions as the Bank of Portugal, Columbia University, New York University, and the University of Lausanne.

Visiting Scholars Program

To help maintain a stimulating and supportive environment for staff economists, the Research Group regularly invites economists from major research institutions to be visiting scholars at the Bank. The visitors present their own work and make themselves available to discuss our economists' current research.

Visiting scholars in 2009-10 include:

- Viral Acharya, New York University
- Marlene Amstad, University of Bern
- John Asker, New York University

The New York Fed is an ideal workplace for young economists who want to conduct academic research and gain valuable insight into economic policy decision-making processes and the workings of financial markets. The Bank provides excellent resources in the form of ample research time, computing facilities, and opportunities to interact with an outstanding group of colleagues and distinguished academic visitors.

Emanuel Moench, Humboldt University Berlin
Capital Markets Function



What I find especially rewarding here is that my theoretical and empirical research can have important implications for the Bank's policy work. Furthermore, my exposure to the policymaking process shapes my own contributions to the policy debates in my academic field.

João Santos, Boston University
Financial Intermediation Function



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| ■ Paul Bennett, <i>Rutgers University</i> | ■ Per Krusell, <i>Princeton University</i> |
| ■ Marcus Brunnermeier, <i>Princeton University</i> | ■ Ricardo Lagos, <i>New York University</i> |
| ■ Charles Calomiris, <i>Columbia University</i> | ■ Philip Lane, <i>Trinity College Dublin</i> |
| ■ Andrew Caplin, <i>New York University</i> | ■ John Leahy, <i>New York University</i> |
| ■ Pierre Collin-Dufrense, <i>Columbia University</i> | ■ Marc-Andreas Muendler, <i>Princeton University</i> |
| ■ Jonathan Eaton, <i>New York University</i> | ■ Thomas Sargent, <i>New York University</i> |
| ■ Xavier Freixas, <i>University of Pompeu Fabra</i> | ■ David Scharfstein, <i>Harvard University</i> |
| ■ Kenneth Froot, <i>Harvard University</i> | ■ Christopher Sims, <i>Princeton University</i> |
| ■ Mark Gertler, <i>New York University</i> | ■ Philip Strahan, <i>Boston College</i> |
| ■ Eric Ghysels, <i>University of North Carolina at Chapel Hill</i> | ■ Suresh Sundaresan, <i>Columbia University</i> |
| ■ Paul Glasserman, <i>Columbia University</i> | ■ Cédric Tille, <i>Graduate Institute of International Studies</i> |
| ■ Marvin Goodfriend, <i>Carnegie Mellon University</i> | ■ Gianluca Violante, <i>New York University</i> |
| ■ Takatoshi Ito, <i>University of Tokyo</i> | ■ S. “Vish” Viswanathan, <i>Duke University</i> |
| ■ Victoria Ivashina, <i>Harvard University</i> | ■ Nancy Wallace, <i>University of California at Berkeley</i> |
| ■ Kose John, <i>New York University</i> | ■ Shang-Jin Wei, <i>Columbia University</i> |
| ■ Charles Jones, <i>Columbia University</i> | ■ David Weinstein, <i>Columbia University</i> |
| ■ Charles Kahn, <i>University of Illinois at Urbana-Champaign</i> | ■ Michael Woodford, <i>Columbia University</i> |
| ■ Anil Kashyap, <i>University of Chicago</i> | ■ Wei Xiong, <i>Princeton University</i> |
| ■ Nobuhiro Kiyotaki, <i>Princeton University</i> | ■ David Yermack, <i>New York University</i> |
| ■ Avrind Krishnamurthy, <i>Northwestern University</i> | ■ Motohiro Yogo, <i>University of Pennsylvania</i> |

The New York Fed is unique in its emphasis on academic research and policy research. Ample resources—including excellent computing support, the assistance of dedicated research associates, multiple seminar series, and a rich visitors program—provide an ideal research environment. In addition, the opportunities for relating academic research to practical policy and real-world applications make the experience here all the more exciting and fruitful.

Rajashri Chakrabarti, Cornell
Microeconomic and Regional Studies Function



A Gateway to Academia

The scope and seriousness of our research environment are reflected in our relationship with academia.

The Group has hired many of its more senior economists from university economics and finance faculties. In turn, a number of our economists have gone on to accept faculty positions at prestigious colleges and universities, including Boston College, Brandeis, Columbia, Dartmouth, New York University, the University of British Columbia, the University of Chicago, the University of Stockholm, and the University of Virginia.

Seminars

The Research Group actively encourages participation in seminars and conferences. Ample funds are available for economists to travel to conferences in the United States and abroad. The Bank also provides travel support for those wishing to work with coauthors outside the Bank.

In addition, we offer a seminar series that attracts a broad group of distinguished speakers. We present several seminars a week—a clear indication of our commitment to the series.

Selected seminars in 2009 included:

- “Regression Models with Mixed Sampling Frequencies,” *Elena Andreou, University of Cyprus; Eric Ghysels, University of North Carolina at Chapel Hill*
- “Letting Different Views about Business Cycles Compete,” *Paul Beaudry, University of British Columbia*
- “Credit Traps,” *Effi Benmelech, Harvard University*
- “Child Care Choices and Children’s Cognitive Achievement: The Case of Single Mothers,” *Raquel Bernal, Universidad de los Andes*
- “Inside and Outside Liquidity,” *Patrick Bolton, Columbia University*
- “The Maturity Rat Race,” *Markus Brunnermeier, Princeton University*
- “Activity-Based Valuation of Bank Holding Companies,” *Charles Calomiris, Columbia University*
- “A Simple Robust Link between American Puts and Credit Protection,” *Peter Carr, New York University*
- “Bank Competition and Economic Stability: The Role of Monetary Policy,” *Sylvain Champonnois, University of California at San Diego*

The commitment to academic research at the Bank is outstanding. This commitment is reflected in the amount of time economists can devote to pure research as well as in the numerous seminars, distinguished visiting professors, and exceptional colleagues here.

David Skeie, Princeton
Money and Payments Studies Function



- “Do Investment Banks Have Skill? Performance Persistence of M&A Advisors,” *Alex Edmans, University of Pennsylvania*
- “Currency Misalignments and Optimal Monetary Policy: A Reexamination,” *Charles Engel, University of Wisconsin at Madison*
- “Crash Risk in Currency Markets,” *Xavier Gabaix, New York University*
- “Granger Causality Tests with Mixed Data Frequencies,” *Eric Ghysels, University of North Carolina at Chapel Hill*
- “Central Banking in the Credit Turmoil: An Assessment of Federal Reserve Practice,” *Marvin Goodfriend, Carnegie Mellon University*
- “The Run on Repo and the Panic of 2007-2008,” *Gary Gorton, Yale University*
- “Katrina’s Children: A Natural Experiment in Peer Effects from Hurricane Evacuees,” *Scott Imberman, University of Houston*
- “A Quantitative Assessment of the Decline in the U.S. Saving Rate and the Current Account Balance,” *Ayse Imrohoroglu, University of Southern California*
- “What Lies Beneath: A Look Inside CLO Collateral,” *Victoria Ivashina, Harvard University*
- “Will the U.S. Bank Recapitalization Succeed? Lessons from Japan,” *Anil Kashyap, University of Chicago*
- “Monopsony in the Low-Wage Labor Market? Evidence from Minimum Nurse Staffing Regulations,” *Jordan Matsudaira, Cornell University*
- “Teardown Clusters: GMM Spatial Probit with Sample Selection,” *Daniel McMillen, University of Illinois at Chicago*
- “Trade Booms, Trade Busts, and Trade Costs,” *Christopher Meissner, University of California at Davis*
- “Rational Expectations and Robust Control: Observational Equivalence Results for Misspecified Monetary Dynamics,” *Anna Orlik, New York University*
- “Securitization, Disclosure, and Liquidity,” *Marco Pagano, University of Naples Federico II*
- “How Do Households Respond to Income Shocks?” *Fabrizio Perri, University of Minnesota*
- “Potential and Natural Output,” *Giorgio Primiceri, Northwestern University*
- “Macroeconomic Effects of Financial Shocks,” *Vincenzo Quadrini, University of Southern California*
- “International Job Search: Mexicans in and out of the U.S.,” *Silvio Rendon, State University of New York at Stony Brook*
- “The Economic and Real Estate Outlook,” *Kenneth Rosen, University of California at Berkeley*
- “Bank Lending during the Financial Crisis of 2008,” *David Scharfstein, Harvard University*
- “The Effect of Judicial Bias in Chapter 11 Reorganization,” *Antoinette Schoar, Massachusetts Institute of Technology*
- “Securitization and Distressed Loan Renegotiation: Evidence from the Subprime Mortgage Crisis,” *Amit Seru, University of Chicago*
- “Unstable Banking,” *Andrei Shleifer, Harvard University*
- “The Impact of the U.K. New Deal for Lone Parents on Benefit Receipt,” *Jeffrey Smith, University of Michigan*
- “Dynamic Corporate Capital Stocks: Cross-Sectional and Intertemporal Stock Return Patterns,” *Matthew Spiegel, Yale University*
- “Policy Announcements and Welfare,” *Christian Stoltenberg, University of Amsterdam*
- “Risk Management Framework for Hedge Funds: Role of Funding and Redemption Options on Leverage,” *Suresh Sundaresan, Columbia University*
- “Repeated Circular Migration: Theory and Evidence,” *Kevin Thom, New York University*
- “The Dynamics of International Trade Invoicing,” *Cédric Tille, Graduate Institute of International Studies*
- “What’s News in Business Cycles,” *Martin Uribe, Columbia University*
- “Can Time-Varying Risk of Rare Disasters Explain Aggregate Stock Market Volatility?” *Jessica Wachter, University of Pennsylvania*
- “The Bear’s Lair: Indexed Credit Default Swaps and the Subprime Mortgage Crisis,” *Nancy Wallace, University of California at Berkeley*
- “Sex Ratios and Savings Rates: Evidence from ‘Excess Men’ in China,” *Shang-Jin Wei, Columbia University*
- “New Keynesian versus Old Keynesian Government Spending Multipliers,” *Volker Wieland, Goethe University of Frankfurt*
- “Labor Market Pooling, Outsourcing, and Labor Contracts in Chamberlinian Regions,” *David Wildasin, University of Kentucky*
- “Dynamic Bank Runs,” *Wei Xiong, Princeton University*
- “A Note on Liquidity Risk Management,” *Motohiro Yogo, University of Pennsylvania*
- “The Cyclical Component of U.S. Asset Returns,” *Stanley Zin, Carnegie Mellon University*

With its emphasis on research and its breadth of supporting professionals, combined with its key role in formulating economic policy, the New York Fed provides a research setting like no other. It is a great place for economists to conduct independent research, derive new ideas from current policy issues, and see those ideas inform policymaking at the highest level.

Tanju Yorulmazer, NYU
Financial Intermediation Function



What strikes me most about the Bank is the extraordinary degree of intellectual excitement here. My colleagues work on the most challenging and topical policy issues and are eager to debate ideas. Stimulating seminars and presentations are offered nearly daily, and visitors from New York University, Princeton, and Columbia contribute richly to the discourse.

Marco Del Negro, Yale
Macroeconomic and Monetary Studies Function



Conferences

Over the past few years, the Research Group has hosted many well-received research conferences addressing a diverse set of topics, including central bank liquidity tools, disclosure requirements and market discipline of financial firms, monetary policy and the money market, policy options for affordable housing, inflation-indexed securities and inflation risk management, and strategies for improving the measurement of economic and financial market performance.

A Rich Computing Environment

The Research Group’s state-of-the-art Research Computing Environment (RCE) offers economists a broad spectrum of technology resources, the ability to take advantage of real and financial data series, and electronic access to academic journals. Dedicated information technology and automation support services are available to meet researchers’ individual needs.

The main elements of the research computing environment include:

- *A functional network infrastructure.* Our network resources accommodate a full range of research activities. The flexible Research Accessible Network (RAN) supports economists’ academic work and collaboration by providing convenient access to outside resources through the Internet as well as to Research Group resources from outside the Bank. The Bank’s secure internal network can be used to conduct confidential and classified policy work as well as to access e-mail, internal Federal Reserve System websites, and productivity applications and utilities.

- *A high-performance computing environment of Linux clusters.* More than 200 processors allow for parallel computing in Research, complemented by additional Solaris and Linux servers. Application servers support parallel and serial work in SAS, MATLAB, STATA, Fortran, and other standard and specialized econometric resources.
- *Robust data-storage solutions.* Our Research Storage Area Network—housing 20 terabytes of fully protected data, and growing—supports analysis of large data sets on the Bank’s network.
- *Versatile workstation options.* Windows, Linux, and Mac desktop and laptop solutions can be combined to meet economists’ research needs. A dual-workstation option affords simultaneous access to the Bank network and the RAN. A variety of peripherals—including dual-head monitors, external hard drives, high-end color printers, and secure USB drives—complement these workstation features.
- *Access to software resources.* Numerous econometric software packages and modules are available, including MATLAB, STATA, Mathematica, SAS, the R programming language, EViews, and GAUSS. Technical word-processing packages, such as Scientific Workplace and WinEdt, are fully supported.
- *Data.* A full range of economic and financial data is on hand—much of which might not be available in many academic environments.
- *Convenient remote access.* An array of automated tools streamline Research work at home or while traveling; BlackBerry devices are available for mobile communication.

Extensive Professional Support

A superb group of administrative, computer, editorial, design, and library professionals help economists meet their research objectives.

Joining this group of support personnel are roughly forty research associates, who offer skilled and energetic assistance in gathering data, conducting statistical analysis, and preparing materials for presentations.

Our RAs are typically recent college graduates who intend to pursue a Ph.D. in economics. Indeed, since 2001, twenty-two RAs have gone on to top-five Ph.D. programs while another twenty-five have entered top-twenty programs. Among this group, seven RAs have been awarded National Science Foundation fellowships.

Wide Internet Exposure

Personal web pages on the New York Fed’s site, www.newyorkfed.org/research/economists/, heighten economists’ visibility in the academic, policy, and business communities.

The pages feature the economist’s biography and field of interest as well as links to curricula vitae, publications, and working papers. These pages are among the most visited on the Research Group’s website.

Census Research Data Center

The Research Group, on behalf of the New York Fed, helped establish a U.S. Census Bureau Research Data Center in New York City. The Bank is a founding member of the consortium that supports the facility, joining other leading universities and research organizations in New York State.

The presence of the Research Data Center in the New York area supports an important strand of empirical research in the Bank and the region. At the Data Centers, researchers who have completed a rigorous project review process can access in a secure facility selected confidential economic and demographic micro-data gathered by the U.S. Census Bureau.

The New York Fed’s consortium membership entitles Research Group economists to use the facility to conduct research with no additional lab fees or the need to travel.

RESIDENT AND JUNIOR RESIDENT SCHOLARS PROGRAMS

Resident Scholars Program

The Research and Statistics Group's Program for Resident Scholars attracts to the Bank outstanding researchers with an international reputation. The Group welcomes Mark J. Flannery and Douglas Gale as resident scholars for 2009-10.

Professor Flannery is the BankAmerica Eminent Scholar in Finance at the University of Florida's Graduate School of Business Administration. He has written on a range of banking and finance topics, including government regulation of the financial sector, the information content of security prices, and asset pricing. His work has appeared in the *American Economic Review*, the *Journal of Finance*, the *Quarterly Journal of Economics*, and the *Review of Financial Studies*.

Professor Flannery has served as editor of the *Journal of Money, Credit, and Banking* and as associate editor at numerous other finance journals. He was codirector of the Federal Deposit Insurance Corporation's Center for Financial Research and is president of the Financial Intermediation Research Society. Professor Flannery has been a member of the

Federal Reserve Bank of New York's Financial Advisory Roundtable since its inception in 2006 as well as a visiting scholar at the Bank.

Professor Gale, Silver Professor and professor of economics at New York University, has taught at the London School of Economics and Political Science, the University of Pennsylvania, and the Massachusetts Institute of Technology. In addition to authoring and coauthoring several scholarly volumes, Professor Gale has published on financial economics, the microstructure of markets, and the foundations of macroeconomics and monetary economics in such journals as the *American Economic Review*, *Econometrica*, and the *Review of Financial Studies*.

Professor Gale is coeditor of the *International Journal of Central Banking*. He has served on various editorial boards, including the boards of *Econometrica*, the *Journal of Economic Theory*, and the *Review of Economic Studies*. Professor Gale is a fellow of the Econometric Society. In addition, he is a former member of the Economics Advisory Panel of the National Science Foundation, a former visiting scholar at the Federal Reserve Bank of New York, and former chair of New York University's Economics Department.

Having been an occasional visitor at the Bank, I already appreciate the value of interacting with the research economists, whose knowledge of policy and data is much greater than mine. The opportunity to spend a year as a Resident Scholar will allow me to observe firsthand the ongoing analysis of the recent financial crisis and the re-engineering of financial regulation. It should be a very exciting year, and I hope to learn a lot from my colleagues on the front lines of research and policy.

Douglas Gale, Silver Professor and Professor of Economics, New York University
Resident Scholar, Federal Reserve Bank of New York



Resident scholars, selected from the top academic and policy institutions in areas related to the Bank's broad policy interests, join the Bank for a stay of at least six months. They are considered members of the Research Group, and are offered access to resources on the same basis as other key Bank staff.

The scholars pursue their own research while providing intellectual leadership by advising and collaborating with our economists on an ongoing basis. They present their work at Research Group seminars and attend presentations by others. Resident scholars also work closely with the director of research and have the opportunity to contribute to the Bank's main policymaking discussions on such topics as monetary policy and macroeconomics, international economics, banking supervision and regulation, capital markets, financial stability, and applied microeconomics with an emphasis on regional and national issues.

Former resident scholars are:

- Mark Gertler, *Henry and Lucy Moses Professor of Economics, New York University*,
- Eric Ghysels, *Edward M. Bernstein Distinguished Professor of Economics, University of North Carolina at Chapel Hill*,
- Nobuhiro Kiyotaki, *professor of economics, Princeton University*,
- John Leahy, *professor of economics, New York University*,

- Suresh M. Sundaresan, *Chase Manhattan Bank Foundation Professor of Financial Institutions, Columbia Business School*, and
- Jiang Wang, *Mizuho Financial Group Professor, MIT Sloan School of Management*.

Junior Resident Scholars Program

The Junior Resident Scholars Program brings to the Bank recent Ph.D. recipients who are at an early stage of their career. The Research Group introduced the program to give these individuals, whose research interests are closely aligned with the Group's mission, exposure to the policy process at the New York Fed.

Junior resident scholars work as staff economists for up to a year before beginning their tenure in academia. During that time, they are expected to pursue their own research and collaborate with our economists on policy-related issues. The junior scholars present their work at Research Group seminars and participate in other seminar discussions. They are also given opportunities to contribute to the Bank's main policymaking mission.

Former scholars are Emi Nakamura, assistant professor of economics and business, and Jón Steinsson, assistant professor of economics—both at Columbia University.

I've always believed that the Fed operates on the principle that good policy must be based on solid research. That proposition attracts talented economists to work here on a broad range of interesting ideas. It's great to be involved with their projects, and to spend some time in such a policy-rich environment.

Mark J. Flannery, BankAmerica Eminent Scholar in Finance, University of Florida
Resident Scholar, Federal Reserve Bank of New York



OUR ECONOMISTS AT A GLANCE: CURRENT RESEARCH

Our economists engage in a variety of innovative research projects. Here are just a few examples:

- *Tobias Adrian*—Research on the role of financial intermediary balance sheet management in the determination of asset prices and credit supply.
- *Mary Amiti*—Empirical research on the effects of financial shocks on exports; forecasting the net export contribution to U.S. GDP growth.
- *Adam Ashcraft*—Empirical and theoretical research on the accuracy of credit ratings for structured credit instruments, the informational frictions in the securitization of mortgage credit, the role of the Federal Home Loan Bank System as lender of last resort, and the impact of credit derivatives trading on credit supply.

- *Vasco Cúrdia*—The use of theoretical and empirical dynamic stochastic general equilibrium (DSGE) models to analyze monetary policy, with an emphasis on credit frictions.
- *Marco Del Negro, Gauti Eggertsson, and Andrea Ferrero*—Research on financial frictions and the Federal Reserve’s response to the financial crisis using a quantitative version of the Kiyotaki-Moore model.
- *Todd Keister*—Theoretical research on bank runs, financial crises and bailouts, inflation, and the implementation of monetary policy.
- *Donghoon Lee*—Empirical research on the evolution of labor market dynamics, income inequality, and simulation-based methods of estimation.
- *Antoine Martin*—Theoretical research on money, banking, and payments, including currency competition, redistributive aspects of monetary policy, and central bank intraday credit policies.

- *Emanuel Moench*—Empirical research on the interaction of macroeconomic and asset price dynamics, with a focus on the term structure of interest rates and the cross section of stock returns.
- *Donald Morgan*—Theoretical and empirical research aimed at defining and detecting predatory lending by banks.
- *Paolo Pesenti*—The use of open-economy simulation models for policy analysis; productivity, product varieties, and net exports; forecasting commodity prices.
- *Robert Rich and Joseph Tracy*—Empirical research using survey data on inflation expectations to examine heterogeneity in forecast behavior as well as the relationship between ex ante uncertainty and ex post predictive accuracy.
- *Joshua Rosenberg*—Research on risk management when risks are skewed and fat-tailed; research on asset pricing and hedging when volatility is stochastic.
- *João Santos*—Theoretical research on the determinants of systemic risk in the banking sector and on the design of regulation to address systemic risk; empirical research on the implications of mixing banking and commerce in the United States.
- *Charles Steindel*—Issues associated with economic measurement, including the strengths and weaknesses of GDP and other aggregate activity measures as well as the ability of aggregate measures to account for financial sector activity.
- *Andrea Tambalotti*—Research using estimated DSGE models to identify the sources of business cycle fluctuations.
- *Wilbert van der Klaauw*—Empirical research on the effect of social security reform on savings and retirement behavior, welfare reform, family structure dynamics, and child development.
- *Tanju Yorulmazer*—Theoretical research on banking and financial stability issues, including liquidity, various channels of systemic risk, and financial crises and their resolution.

Recent events on Wall Street will shape academic research and public policy on financial markets and institutions for decades. Economists joining the New York Fed can benefit from its unique mix of resources, experience, and opportunities, and potentially play a leadership role in policy and academia.

Adam Ashcraft, MIT
Financial Intermediation Function



The New York Fed stands at the crossroads of policymaking and important academic research. It offers economists a unique chance to conduct research on key policy issues as well as to broaden their own research interests through policy work.

Wilbert van der Klaauw, Brown
Microeconomic and Regional Studies Function



THE RESEARCH GROUP'S POLICY WORK

Ongoing Responsibilities and Recent Initiatives

The New York Fed's unique role in the Federal Reserve System enables economists to take part in important policy projects. A description of our six research functions' policy work suggests the wide range of our responsibilities and the breadth of expertise that we bring to them.

Capital Markets contributes to monetary policy formulation, monetary policy implementation, and market monitoring by developing analytical tools and providing rigorous analyses to senior Bank management. Recent work by the staff analyzes dealer positioning, liquidity in fixed-income markets, the pricing of the term structure of interest rates, inflationary expectations embedded in financial market prices, risk spillovers in risk management and capital allocation practices, and the Federal Reserve's new liquidity facilities.

The *Financial Intermediation* staff conducts research and policy-oriented analysis on a wide range of issues relating to financial intermediation and financial markets, including the behavior and health of financial institutions, innovations in financial markets, and the development of appropriate supervisory tools and techniques. Economists examine these issues from

both a macroeconomic and microeconomic perspective, with a focus on the performance and stability of financial markets and core institutions. Recently, they have studied frictions in the mortgage securitization process, bank funding patterns, the role of central bank liquidity provision, credit derivatives and other financial innovation topics, and risk management and corporate governance issues.

International Research monitors events in the global economy that affect the United States, tracking the performance of industrialized countries and developments in U.S. external imbalances. The staff has recently analyzed the sustainability of U.S. current account deficits, international capital flows and financial developments, the micro- and macroeconomic effects of U.S. exchange rate movements, and the impact of globalization on product, labor, and financial markets and its implications for monetary policy.

In *Macroeconomic and Monetary Studies*, economists monitor and analyze current economic, fiscal, and monetary conditions; provide forecasts of GDP growth and inflation and gauge the risks associated with the forecasts; and advise senior Bank management on monetary policy. Recently, they have studied trends in home prices and their possible implications

for the economy; the conduct of monetary policy at the zero-bound constraint; the effect of economic and financial market conditions on inflation expectations; and the interaction of financial markets and monetary policy.

Microeconomic and Regional Studies economists track developments in four areas of particular relevance for monetary policy: the labor market; cities and regions, with an emphasis on the Second Federal Reserve District; the public sector; and industries of specific interest, such as the information technology sector. The function has recently conducted analyses of inflation experiences and expectations, the information content of the Federal Reserve's business surveys, and the fiscal status of state and local governments.

Money and Payments Studies researches and analyzes issues in short-term money markets and in payment and settlement systems. Recent work includes assisting in the design and evaluation of the Federal Reserve's liquidity facilities, analyzing activity in the federal funds and related markets, drafting policy proposals aimed at improving the implementation of monetary policy, and analyzing the stability of the repo and other short-term funding markets. The function has also studied the potential impact of introducing liquidity-saving mechanisms in large-value payments systems and analyzed alternative strategies for mitigating risk in payments and settlement systems.

The Interplay of Research and Policy

Academic research and policy analysis can give rise to great synergies at the New York Fed. Many of our economists find that their policy work suggests new lines of inquiry for their research. For example, Michael Fleming's research on the microstructure of the U.S. Treasury securities market—appearing in the *Journal of Finance* and elsewhere—was spurred by policy interest in Treasury market behavior and his work on the Bank's Trading Desk. Similarly, Tobias Adrian's policy work monitoring financial institutions has prompted two papers—one published this year in the *American Economic Review* and one forthcoming in the *Journal of Financial Intermediation*—that explore the effects of investment banks' leveraging practices on asset price movements, real economic activity, and monetary policy.

While policy assignments can stimulate new research, the relationship is a reciprocal one: an economist's research findings will find many applications in his or her policy work. In the past two years in particular, economists have had many opportunities to contribute their expertise to the Bank's efforts to understand and resolve problems in the credit and housing markets.

Til Schuermann, for example, has taken on an assignment leading the credit risk monitoring efforts of the New York Fed’s Bank Supervision Group. In this role, he is drawing on his research on credit- and liquidity-risk management that has appeared in the *Journal of Banking and Finance* and the *Review of Financial Studies*.

Andrew Haughwout, Richard Peach, and Joseph Tracy are examining the sources of mortgage defaults in order to identify the kinds of restructuring that would be most successful in reducing the rise in foreclosures. Their findings were published recently in the *Journal of Urban Economics*.

Applying theoretical research on incentives in bank clearinghouse operations that appeared in the *Journal of Financial Intermediation*, James McAndrews has provided guidance on the design and administration of the Federal Reserve’s Term Auction Facility and other new lending mechanisms. With other Research Group economists, he has also written a number of research and policy papers analyzing the effectiveness of these mechanisms, most recently the Federal Reserve’s Primary Dealer Credit Facility.

New economists in the Research Group have many opportunities to pursue other connections between research and policy work. In doing so, they will find that the more experienced members of the Group are available to mentor them and to help identify synergies between their academic interests and policy responsibilities.

Policy-Oriented Research Publications

While economists are encouraged to publish in external journals, they also reach a large and influential audience through two New York Fed publications that address policy-related economic and financial market issues.

- The *Economic Policy Review*, the Bank’s flagship research publication, has 8,000 subscribers, including policymakers, business and banking professionals, and academics.
- *Current Issues in Economics and Finance*, with a readership of 6,000, is geared toward a broad audience that includes the general public as well as decision makers in business and government.

Both publications attract many website visitors and receive frequent press attention, making them valuable outlets for work that combines our economists’ research and policy interests.

SSRN Web Page

Our economists’ work also finds a wide audience through our arrangement with the Social Science Research Network (SSRN). The SSRN has more than 200,000 papers in its database representing 121,000 authors; more than 13 million papers have been downloaded from its site.

Visitors to our page on the SSRN site (www.ssrn.com/link/FRB-New-York.html) can view and download papers written by our economists for the *Economic Policy Review*, *Current Issues in Economics and Finance*, and our *Staff Reports* working paper series. To date, approximately 110,000 of these papers have been downloaded from the SSRN site.

RESEARCH FUNCTIONS AND PERSONNEL

Director of Research Joseph S. Tracy

Joseph S. Tracy is director of research and an executive vice president of the Bank. Previously, he was an associate professor of economics at Columbia University and at Yale University as well as the Olin Fellow at the National Bureau of Economic Research.

Joe’s broad research interests include housing and mortgage finance, labor economics, and collective bargaining. His current research focuses on the determinants of early default on subprime mortgages and the impact of falling house prices on household mobility.

Joe has published in numerous economic and business journals, including the *American*

Economic Review and the *Journal of Political Economy*, as well as in scholarly volumes. His most recent work includes “Modeling Uncertainty: Predictive Accuracy as a Proxy for Predictive Confidence,” with Robert Rich (*Review of Economics and Statistics*, forthcoming), “Subprime Mortgage Pricing: The Impact of Race, Ethnicity, and Gender on the Cost of Borrowing,” with Andrew Haughwout and Christopher Mayer (*Brookings Papers on Urban Economics*, 2009), and “Juvenile Delinquent Mortgages: Bad Credit or Bad Economy?” with Andrew Haughwout and Richard Peach (*Journal of Urban Economics*, September 2008).

Joe holds a Ph.D. in economics from the University of Chicago.

CAPITAL MARKETS

The Capital Markets Function conducts research on asset pricing, financial institutions, and market liquidity and on the interaction between markets, institutions, and economic fundamentals. A close working relationship with the Bank’s Trading Desk, well-established contacts with market participants, and strong ties to business school finance departments create a unique environment for financial market research. Capital Markets regularly organizes workshops and conferences on financial market topics.

<p>Recent research topics include:</p> <ul style="list-style-type: none">■ the links between financial markets and the macroeconomy,■ estimation of risk premia in stock, bond, and derivatives markets,■ liquidity in fixed-income and foreign exchange markets,■ the interaction between financial institutions’ balance sheets and market liquidity,■ securities dealers’ asset and liability management,■ the information content of Federal Open Market Committee communications, and■ the recent financial market stress and the Federal Reserve’s new lending facilities.	<p>Richard Crump <i>Ph.D., UC Berkeley, 2009</i> Interests: Econometric theory; applied econometrics.</p> <p>Erkko Etula <i>Ph.D., Harvard, 2009</i> Interests: Asset pricing; financial intermediation.</p> <p>Michael Fleming <i>Ph.D., Harvard, 1994</i> Interests: Market microstructure; financial intermediation; monetary policy.</p> <p>Emanuel Moench <i>Ph.D., Humboldt University Berlin, 2006</i> Interests: Asset pricing; macroeconomics; applied econometrics.</p> <p>Anthony Rodrigues <i>Ph.D., UC Berkeley, 1984</i> Interests: Fixed-income modeling; applied econometrics; risk management.</p> <p>Joshua Rosenberg <i>Ph.D., UC San Diego, 1996</i> Interests: Asset pricing; risk management; market microstructure.</p> <p>Ernst Schaumburg <i>Ph.D., Princeton, 2001</i> Interests: Financial econometrics; empirical asset pricing; monetary economics.</p>
<p>Capital Markets Staff</p> <p>Tobias Adrian <i>Ph.D., MIT, 2003</i> Interests: Asset pricing; financial intermediation; financial stability.</p> <p>Jennie Bai <i>Ph.D., Chicago, 2008</i> Interests: Asset pricing; financial econometrics; empirical macroeconomics.</p>	

Recent Publications and Papers

<p>Tobias Adrian. “Inference, Arbitrage, and Asset Price Volatility.” <i>Journal of Financial Intermediation</i> 18, no. 1 (2009).</p> <p>Jennie Bai. “Equity Premium Prediction with Adaptive Macro Indices.” Working paper, 2008.</p> <p>Richard Crump. “Nonparametric Tests for Treatment Effect Heterogeneity,” with V. Joseph Hotz, Guido W. Imbens, and Oscar A. Mitnik. <i>Review of Economics and Statistics</i> 90, no. 3 (2008).</p> <p>Erkko Etula. “Risk Appetite and Commodity Returns.” Working paper, 2009.</p> <p>Michael Fleming. “Dealer Behavior in the Specials Market for U.S. Treasury Securities,” with Kenneth Garbade. <i>Journal of Financial Intermediation</i> 16, no. 2 (2007).</p>	<p>Emanuel Moench. “Sectoral Price Data and Models of Price Setting,” with Bartosz Maćkowiak and Mirko Wiederholt. <i>Journal of Monetary Economics</i> 56 (October 2009). Suppl. no. 1.</p> <p>Anthony Rodrigues. “How Stable Is the Predictive Power of the Yield Curve? Evidence from Germany and the United States,” with Arturo Estrella and Sebastian Schich. <i>Review of Economics and Statistics</i> 85, no. 3 (2003).</p> <p>Joshua Rosenberg. “Stock Returns and Volatility: Pricing the Short-Run and Long-Run Components of Market Risk,” with Tobias Adrian. <i>Journal of Finance</i> 63, no. 6 (2008).</p> <p>Ernst Schaumburg. “An Investigation of the Gains from Commitment in Monetary Policy,” with Andrea Tambalotti. <i>Journal of Monetary Economics</i> 54, no. 2 (2007).</p>
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FINANCIAL INTERMEDIATION

The Financial Intermediation Function conducts research and policy-oriented analysis on a wide range of issues relating to financial intermediation and financial markets, including the behavior and health of financial institutions, innovations in financial markets, and the development of appropriate supervisory tools and techniques. Financial Intermediation economists examine these issues from both a macroeconomic and a microeconomic perspective, with a focus on the performance and stability of financial markets and core institutions.

<p>Recent research topics include:</p> <ul style="list-style-type: none">■ financial market innovations,■ banks and the business cycle,■ financial stability,■ risk management and measurement,■ regulatory capital requirements,■ design of financial systems, institutions, and contracts, and■ restructuring and deregulation.	<p>Anna Kovner <i>Ph.D., Harvard, 2008</i> Interests: Corporate finance; banking; venture capital and private equity.</p> <p>Hamid Mehran <i>Ph.D., University of North Carolina, 1990</i> Interests: Corporate finance.</p> <p>Donald Morgan <i>Ph.D., Wisconsin, 1989</i> Interests: Payday credit; 2005 bankruptcy reform; bank credit standards and economic activity.</p> <p>Stavros Peristiani <i>Ph.D., Columbia, 1984</i> Interests: Banking and finance; real estate finance; theoretical and applied econometrics.</p> <p>João Santos <i>Ph.D., Boston University, 1994</i> Interests: Corporate finance; banking; banking regulation and the design of financial systems, institutions, and contracts.</p> <p>Til Schuermann <i>Ph.D., Pennsylvania, 1993</i> Interests: Financial institutions; risk measurement and management; capital markets; financial econometrics.</p> <p>James Vickery <i>Ph.D., MIT, 2004</i> Interests: Banking and financial institutions; mortgage markets; structured finance; household finance; risk management.</p>
<p>Financial Intermediation Staff</p> <p>Adam Ashcraft <i>Ph.D., MIT, 2001</i> Interests: Monetary policy and the transmission mechanism; bank capital regulation; market discipline; causal methods in econometrics; labor economics.</p> <p>Nicola Cetorelli <i>Ph.D., Brown, 1996</i> Interests: Banking; industrial organization; corporate finance; bank finance and real activity.</p> <p>Beverly Hirtle <i>Ph.D., MIT, 1986</i> Interests: Retail banking and bank branching; risk management and measurement; banks’ dividend and stock repurchase behavior; disclosure; bank capital.</p>	

<p>Zhenyu Wang <i>Ph.D., University of Minnesota, 1995</i> Interests: Risk management; asset pricing; financial econometrics; investment management.</p> <p>Chenyang Wei <i>Ph.D., NYU, 2006</i> Interests: Empirical finance; corporate governance; credit risk; fixed-income investment.</p> <p>Tanju Yorulmazer <i>Ph.D., NYU, 2003</i> Interests: Financial intermediation; systemic risk; liquidity; financial crises and resolution.</p> <p>Recent Publications and Papers</p> <p>Adam Ashcraft. “Understanding the Securitization of Subprime Mortgage Credit,” with Til Schuermann. Federal Reserve Bank of New York <i>Staff Reports</i>, no. 318 (2008).</p> <p>Nicola Cetorelli. “Banking and Real Economic Activity.” In Allen Berger, Phillip Molineaux, and John Wilson, eds., <i>Oxford Handbook of Banking</i>. Oxford University Press, 2009.</p> <p>Beverly Hirtle. “Credit Derivatives and Bank Credit Supply.” <i>Journal of Financial Intermediation</i> 18, no. 2 (2009).</p> <p>Anna Kovner. “Performance Persistence in Entrepreneurship,” with Paul Gompers, Josh Lerner, and David Scharfstein. <i>Journal of Financial Economics</i>, forthcoming.</p> <p>Hamid Mehran. “Bank Capital and Value in the Cross-Section,” with Anjan Thakor. <i>Review of Financial Studies</i>, forthcoming.</p> <p>“The Economics of Conflicts of Interest in Financial Institutions,” with René Stulz. <i>Journal of Financial Economics</i> 85, no. 2 (2007).</p>	
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<p>Donald Morgan. “The Credit Cycle and the Business Cycle: New Findings Using the Loan Officer Opinion Survey,” with Cara Lown. <i>Journal of Money, Credit, and Banking</i> 38, no. 6 (2006).</p> <p>Stavros Peristiani. “Financial Visibility and the Decision to Go Private,” with Hamid Mehran. <i>Review of Financial Studies</i>, forthcoming.</p> <p>João Santos. “Bank Loans, Bonds, and Information Monopolies across the Business Cycle,” with Andrew Winton. <i>Journal of Finance</i> 63, no. 3 (2008).</p> <p>“Do Banks Price Their Informational Monopoly?” with Galina Hale. <i>Journal of Financial Economics</i> 93, no. 2 (2009).</p> <p>Til Schuermann. “Managing Bank Liquidity Risk: How Deposit-Loan Synergies Vary with Market Conditions,” with Evan Gatev and Philip E. Strahan. <i>Review of Financial Studies</i> 22, no. 3 (2009).</p> <p>James Vickery. “How and Why Do Small Firms Manage Interest Rate Risk? Evidence from Commercial Loans.” <i>Journal of Financial Economics</i> 87, no. 2 (2008).</p> <p>Zhenyu Wang. “Y2K Options and the Liquidity Premium in Treasury Markets,” with Suresh Sundaresan. <i>Review of Financial Studies</i> 22, no. 3 (2009).</p> <p>Chenyang Wei. “Governance Mechanisms and Bond Prices,” with K. J. Martijn Cremers and Vinay B. Nair. <i>Review of Financial Studies</i> 20, no. 5 (2007).</p> <p>Tanju Yorulmazer. “Cash-in-the-Market Pricing and Optimal Resolution of Bank Failures,” with Viral Acharya. <i>Review of Financial Studies</i> 21, no. 6 (2008).</p> <p>“On the Dynamics and Severity of Bank Runs: An Experimental Study,” with Andrew Schotter. <i>Journal of Financial Intermediation</i> 18, no. 2 (2009).</p>	
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INTERNATIONAL RESEARCH

The International Research Function conducts research and policy analysis in international economics, examining issues in open-economy macroeconomics, international trade, financial globalization, and economic development. The area also oversees the tracking of industrialized countries for the Bank. Staff research is published in academic journals and Federal Reserve publications and is designed to contribute to the Bank’s overall perspective on international issues.

<p>Recent research topics include:</p> <ul style="list-style-type: none">■ globalization, inflation, and monetary policy,■ capital mobility and financial integration,■ current account sustainability and global rebalancing,■ international business cycles,■ outsourcing and foreign direct investment,■ currency invoicing of international trade,■ causes and consequences of exchange rate movements,■ commodity price forecasts,■ macroeconomic spillovers and policy interdependence,■ currency and financial crises,■ exchange rate pass-through to prices,■ determinants of international trade,■ international productivity and price differences, and■ European and Japanese economic issues.	<p>International Research Staff</p> <p>Mary Amiti <i>Ph.D., London School of Economics and Political Science, 1997</i> Interests: Trade policy; new economic geography; industrial agglomerations; industrial organization; firm location decisions; regional development.</p> <p>Linda Goldberg <i>Ph.D., Princeton, 1988</i> Interests: International banking; exchange rate effects on prices, labor markets, and investment; foreign direct investment; international roles of the dollar and other currencies; market reactions to economic news.</p> <p>Christian Grisse <i>Ph.D., University of Cambridge, 2008</i> Interests: Financial economics; international macroeconomics; macroeconomics; applied econometrics.</p> <p>Jan Groen <i>Ph.D., Erasmus University Rotterdam, 2000</i> Interests: International finance; applied econometrics; macroeconomics; financial economics.</p>
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<p>Rebecca Hellerstein <i>Ph.D., UC Berkeley, 2003</i> Interests: International finance and trade; industrial organization; macroeconomics; monetary economics.</p> <p>Thomas Klitgaard <i>Ph.D., Stanford, 1985</i> Interests: European economic issues; capital flows; international trade; exchange rates.</p> <p>Paolo Pesenti <i>Ph.D., Yale, 1991</i> Interests: Multi-country simulation models for policy analysis; global macroeconomic adjustment; financial and currency crises.</p>	<p>Recent Publications and Papers</p> <p>Mary Amiti. “Economic Geography and Wages,” with Lisa Cameron. <i>Review of Economics and Statistics</i> 89, no. 1 (2007).</p> <p>“Trade Liberalization, Intermediate Inputs, and Productivity,” with Jozef Konings. <i>American Economic Review</i> 97, no. 5 (2007).</p> <p>Linda Goldberg. “Macroeconomic Interdependence and the International Role of the Dollar,” with Cédric Tille. <i>Journal of Monetary Economics</i>, forthcoming.</p>
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<p>Christian Grisse. “Higher Order Beliefs and the Comovement of Asset Prices.” Working paper, 2008.</p> <p>Jan Groen. “Real-Time Evaluation of Bank of England Forecasts of Inflation and Growth,” with George Kapetanios and Simon Price. <i>International Journal of Forecasting</i> 25, no. 1 (2009).</p> <p>Rebecca Hellerstein. “Who Bears the Cost of a Change in the Exchange Rate? Pass-Through Accounting for the Case of Beer.” <i>Journal of International Economics</i> 76, no. 1 (2008).</p> <p>Thomas Klitgaard. “The Rise and Fall of Sovereign Wealth Accumulation: Causes and Consequences,” with Matthew Higgins. <i>Revue d’Economie Financière</i>, 2009. Special issue on sovereign wealth funds.</p> <p>Paolo Pesenti. “The Simple Geometry of Transmission and Stabilization in Closed and Open Economies,” with Giancarlo Corsetti. In Richard H. Clarida and Francesco Giavazzi, eds., <i>NBER International Seminar on Macroeconomics 2007</i>. Chicago: University of Chicago Press, 2008.</p>

MACROECONOMIC AND MONETARY STUDIES

Economists in the Macroeconomic and Monetary Studies Function conduct scholarly research on topics in macroeconomics and monetary policy for publication in academic journals and Bank periodicals. They also provide rigorous analysis of current national economic, fiscal, and monetary conditions as well as advise senior Bank management on monetary policy.

Recent research topics include: <ul style="list-style-type: none">■ monetary policy transmission,■ monetary policy and the zero bound,■ monetary policy and learning,■ sources of inflation dynamics,■ changes in the inflation-unemployment relationship,■ goods and services price inflation,■ methods of determining trend and cyclical productivity growth,■ the reduction in the volatility of economic fluctuations,■ changes in inventory dynamics and business cycles,■ the yield curve and recessions,■ forecasting using large macroeconomic panels,■ recent housing price trends and effects on consumer spending,■ trends in labor force participation, and■ dynamics of the U.S. labor market.	Macroeconomic and Monetary Studies Staff <p>Carlos Carvalho <i>Ph.D., Princeton, 2008</i> Interests: Macroeconomics; monetary economics; international macroeconomics.</p> <p>Vasco Cúrdia <i>Ph.D., Princeton, 2007</i> Interests: Macroeconomics; monetary economics; international finance.</p> <p>Marco Del Negro <i>Ph.D., Yale, 1998</i> Interests: Estimation and evaluation of dynamic stochastic general equilibrium models; factor models; international macroeconomics and finance.</p> <p>Gauti Eggertsson <i>Ph.D., Princeton, 2004</i> Interests: Macroeconomics; monetary economics; international finance; political economy.</p> <p>Stefano Eusepi <i>Ph.D., University of Warwick, 2004</i> Interests: Macroeconomics; monetary economics; nonlinear dynamics.</p> <p>Andrea Ferrero <i>Ph.D., NYU, 2006</i> Interests: Macroeconomics; monetary economics; international finance.</p>
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<p>Sagiri Kitao <i>Ph.D., NYU, 2007</i> Interests: Macroeconomics; public policy; computational economics.</p> <p>Jonathan McCarthy <i>Ph.D., Wisconsin, 1992</i> Interests: Macroeconomics; inventories; investment; housing; consumption.</p> <p>Richard Peach <i>Ph.D., Maryland, 1983</i> Interests: Housing and real estate finance; federal fiscal policy.</p> <p>Simon Potter <i>Ph.D., Wisconsin, 1990</i> Interests: Time series econometrics; macroeconomics; Bayesian statistics.</p> <p>Robert Rich <i>Ph.D., Brown, 1988</i> Interests: Macroeconomics; time series econometrics.</p> <p>Ayşegül Şahin <i>Ph.D., University of Rochester, 2002</i> Interests: Macroeconomics; labor economics.</p> <p>Argia Sbordone <i>Ph.D., Chicago, 1993</i> Interests: Macroeconomics; monetary economics; inflation dynamics.</p> <p>Charles Steindel <i>Ph.D., MIT, 1977</i> Interests: Macroeconomics; consumer behavior.</p> <p>Andrea Tambalotti <i>Ph.D., Princeton, 2004</i> Interests: Macroeconomics; monetary economics.</p>

Recent Publications and Papers <p>Carlos Carvalho. “Aggregation and the PPP Puzzle in a Sticky-Price Model,” with Fernanda Nechio. Federal Reserve Bank of New York <i>Staff Reports</i>, no. 351 (2008).</p> <p>Vasco Cúrdia. “Credit Spreads and Monetary Policy,” with Michael Woodford. NBER Working Paper no. 15289 (2009).</p> <p>Marco Del Negro. “Forming Priors for DSGE Models (and How It Affects the Assessment of Nominal Rigidities),” with Frank Schorfheide. <i>Journal of Monetary Economics</i>, forthcoming.</p> <p>“Monetary Policy Analysis with Potentially Misspecified Models,” with Frank Schorfheide. <i>American Economic Review</i>, forthcoming.</p> <p>Gauti Eggertsson. “Great Expectations and the End of the Depression.” <i>American Economic Review</i> 98, no. 4 (2008).</p> <p>Stefano Eusepi. “Central Bank Communication and the Liquidity Trap.” <i>Journal of Money, Credit, and Banking</i>, forthcoming.</p> <p>Andrea Ferrero. “Fiscal and Monetary Rules for a Currency Union.” <i>Journal of International Economics</i> 77, no. 1 (2009).</p> <p>Sagiri Kitao. “Social Security Reform and Labor Supply Elasticity,” with Selahattin Imrohoroglu. <i>Journal of Public Economics</i>, forthcoming.</p> <p>“Taxing Capital? Not a Bad Idea After All!” with Juan Carlos Conesa and Dirk Krueger. <i>American Economic Review</i> 99, no. 1 (2009).</p>
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Jonathan McCarthy. “Inventory Dynamics and Business Cycles: What Has Changed?” with Egon Zakrajšek. *Journal of Money, Credit, and Banking* 39, no. 2-3 (2007).

Richard Peach. “Juvenile Delinquent Mortgages: Bad Credit or Bad Economy?” with Andrew Haughwout and Joseph Tracy. *Journal of Urban Economics* 64, no. 2 (2008).

Simon Potter. “Estimating and Forecasting in Models with Multiple Breaks,” with Gary Koop. *Review of Economic Studies* 74, no. 3 (2007).

“Modeling the Dynamics of Inflation Compensation,” with Gary Koop. *Journal of Empirical Finance*, forthcoming.

Robert Rich. “The Relationships between Expected Inflation, Disagreement, and Uncertainty: Evidence from Matched Point and Density Forecasts,” with Joseph Tracy. *Review of Economics and Statistics*, forthcoming.

Ayşegül Şahin. “Why Did the Average Duration of Unemployment Become So Much Longer?” with Toshihiko Mukoyama. *Journal of Monetary Economics* 56, no. 2 (2009).

Argia Sbordone. “Trend Inflation, Indexation, and Inflation Persistence in the New Keynesian Phillips Curve,” with Timothy Cogley. *American Economic Review* 98, no. 5 (2008).

Charles Steindel. “A Comparison of Measures of Core Inflation,” with Robert Rich. Federal Reserve Bank of New York *Economic Policy Review* 13, no. 3 (2007).

Andrea Tambalotti. “An Investigation of the Gains from Commitment in Monetary Policy,” with Ernst Schaumburg. *Journal of Monetary Economics* 54, no. 2 (2007).

MICROECONOMIC AND REGIONAL STUDIES

The Microeconomic and Regional Studies Function engages in rigorous analysis of microeconomic issues of interest to the nation and the Second Federal Reserve District in support of the Bank’s primary missions in monetary policy and regulation of the financial system. In addition, economists conduct long-term research in theoretical as well as applied areas of microeconomics and regional economics.

Recent research topics include:

- selection and income distribution dynamics,
- simulated maximum likelihood estimation for discrete choice models,
- local spillovers in personal bankruptcies,
- informal hiring networks and labor market outcomes,
- statistical discrimination in labor markets,
- credit bureau data on consumer debt and credit,
- survey measurement of household inflation expectations,
- design of educational reforms and their impact on student performance,
- manufacturing and the national economy,
- design and comparison of belief elicitation techniques,
- mechanisms to deter corruption,
- issues affecting the Federal Reserve’s Term Auction Facility,
- spatial and temporal variation in vacant land prices, and
- factors underlying mortgage defaults and foreclosures.

Microeconomic and Regional Studies Staff

Jaison Abel
Ph.D., Ohio State, 1999
Interests: Industrial organization; economics of innovation; public finance; regional economics.

Olivier Armantier
Ph.D., University of Pittsburgh, 1999
Interests: Industrial organization; econometrics; experimental economics; applied microeconomics; game theory.

Jason Bram
M.B.A., NYU, 1992
Interests: Regional economics; consumer behavior and demographics; urban development.

Meta Brown
Ph.D., NYU, 2001
Interests: Public economics; labor economics; economics of the household; human capital.

Rajashri Chakrabarti
Ph.D., Cornell, 2004
Interests: Public economics and public policy; labor economics and economics of education; applied microeconomics; applied econometrics.

Richard Deitz
Ph.D., Binghamton, 1995
Interests: Regional economics; urban economics; labor economics.

Andrew Haughwout
Ph.D., Pennsylvania, 1993
Interests: Public finance; urban and regional economics.

Donghoon Lee

Ph.D., Pennsylvania, 2001

Interests: Labor economics; applied econometrics; estimation of general equilibrium models.

James Orr

Ph.D., Pennsylvania, 1979

Interests: Regional economics; urban development.

Giorgio Topa

Ph.D., Chicago, 1996

Interests: Labor and urban economics; social interactions and local spillovers; spatial econometrics.

Wilbert van der Klaauw

Ph.D., Brown, 1992

Interests: Labor economics; public policy; applied econometrics.

Basit Zafar

Ph.D., Northwestern, 2008

Interests: Labor economics; economics of education; experimental economics.

Recent Publications and Papers

Jaison Abel. “Hedonic Price Indexes for Personal Computer Operating Systems and Productivity Suites,” with Ernst R. Berndt, Cory W. Monroe, and Alan G. White. *Annals of Economics and Statistics*, forthcoming.

Olivier Armantier. “Subjective Probabilities in Games: An Application to the Overbidding Puzzle,” with Nicolas Treich. *International Economic Review*, forthcoming.

Jason Bram. “Is the Worst Over? Economic Indexes and the Course of the Recession in New York and New Jersey,” with James Orr, Robert Rich, Rae Rosen, and Joseph Song. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 15, no. 5 (2009).

Meta Brown. “A New Test of Borrowing Constraints for Education,” with John Karl Scholz and Ananth Seshadri. NBER working paper no. 14879 (2009).

Rajashri Chakrabarti. “Can Increasing Private School Participation and Monetary Loss in a Voucher Program Affect Public School Performance? Evidence from Milwaukee.” *Journal of Public Economics* 92, no. 5-6 (2008).

Richard Deitz. “New Measures of Economic Growth and Productivity in Upstate New York,” with Jaison Abel. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 14, no. 9 (2008).

Andrew Haughwout. “Juvenile Delinquent Mortgages: Bad Credit or Bad Economy?” with Richard Peach and Joseph Tracy. *Journal of Urban Economics* 64, no. 2 (2008).

Donghoon Lee. “Accounting for Wage and Employment Changes in the U.S. from 1968-2000: A Dynamic Model of Labor Market Equilibrium.” *Journal of Econometrics*, forthcoming.

James Orr. “The Price of Land in the New York Metropolitan Area,” with Andrew Haughwout and David Bedoll. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 14, no. 3 (2008).

Giorgio Topa. “Place of Work and Place of Residence: Informal Hiring Networks and Labor Market Outcomes,” with Patrick Bayer and Stephen L. Ross. *Journal of Political Economy* 116, no. 6 (2008).

Wilbert van der Klaauw. “The Effects of In-Work Benefit Reform in Britain on Couples: Theory and Evidence,” with Marco Francesconi and Helmut Rainer. *Economic Journal* 119, no. 535 (2009).

Basit Zafar. “College Major Choice and the Gender Gap.” Federal Reserve Bank of New York *Staff Reports*, no. 364 (2009).

MONEY AND PAYMENTS STUDIES

The Money and Payments Studies Function conducts research on the economics of short-term money markets and payments systems as well as on bank and consumer behavior. In addition to conducting scholarly research, staff members provide rigorous policy analysis on a wide range of issues and advise senior Bank officials on matters related to money markets, central bank liquidity provision, the implementation of monetary policy, and the design and operation of payments and settlement systems.

Recent projects include:

- providing guidance on the design and evaluation of the Federal Reserve’s new liquidity facilities, including the Term Auction Facility,
- analyzing bank behavior in the federal funds and eurodollar markets, both under normal conditions and during periods of market stress, and
- evaluating the effects of paying interest on bank reserves.

Research themes include:

- the functioning of interbank lending markets,
- the effects of the Federal Reserve’s liquidity facilities on interbank markets and short-term interest rates,
- bank runs and crises of confidence in financial markets,
- systemic risk and liquidity in large-value payments systems, and
- the topology of large-value payments flows across banks.

Money and Payments Studies Staff

Gara Afonso

Ph.D., London School of Economics and Political Science, 2008

Interests: Financial economics; information economics; asset pricing and liquidity; theory of financial crises.

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Ph.D., UC Santa Barbara, 2002

Interests: Money markets; systemic risk; networks and financial markets.

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Ph.D., University of Minnesota, 2002

Interests: Industrial organization; applied microeconomics; personnel economics.

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Ph.D., Princeton, 1975

Interests: U.S. Treasury securities; risk management; relative value analysis.

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Ph.D., Cornell, 1998

Interests: Macroeconomics; banking; liquidity; coordination failures.

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Interests: Monetary economics; payment economics; financial intermediation; banking.

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Interests: Industrial organization of financial markets.

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Ph.D., Pennsylvania, 1989
Interests: Market microstructure of futures, stock, and fixed-income markets; international finance; linkages between stock and bond markets; linkages between the macroeconomy and financial markets; corporate bond credit spreads and liquidity.

David Skeie

Ph.D., Princeton, 2004
Interests: Corporate finance; banking; contract theory.

Recent Publications and Papers

Gara Afonso. “Imperfect Common Knowledge in First-Generation Models of Currency Crises.” *International Journal of Central Banking* 3, no. 1 (2007).

Morten Bech. “Technology Diffusion within Central Banking: The Case of Real-Time Gross Settlement,” with Bart Hobijn. *International Journal of Central Banking* 3, no. 3 (2007).

Adam Copeland. “The Welfare Effects of Incentive Schemes,” with Cyril Monnet. *Review of Economic Studies* 76, no. 1 (2009).

Kenneth Garbade. *Pricing Corporate Securities as Contingent Claims*. Cambridge: MIT Press, 2001.

Todd Keister. “Bank Runs and Institutions: The Perils of Intervention,” with Huberto M. Ennis. *American Economic Review* 99, no. 4 (2009).

“Expectations and Contagion in Self-Fulfilling Currency Attacks.” *International Economic Review* 50, no. 3 (2009).

Antoine Martin. “Reconciling Bagehot with the Fed’s Response to September 11.” *Journal of Money, Credit, and Banking* 41, no. 2-3 (2009).

James McAndrews. “Rating the Raters: Are Reputation Concerns Powerful Enough to Discipline Rating Agencies?” with Jérôme Mathis and Jean-Charles Rochet. *Journal of Monetary Economics* 56, no. 5 (2009).

Asani Sarkar. “Market Sidedness: Insights into Motives for Trade Initiation,” with Robert A. Schwartz. *Journal of Finance* 64, no. 1 (2009).

David Skeie. “Banking with Nominal Deposits and Inside Money.” *Journal of Financial Intermediation* 17, no. 4 (2008).

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