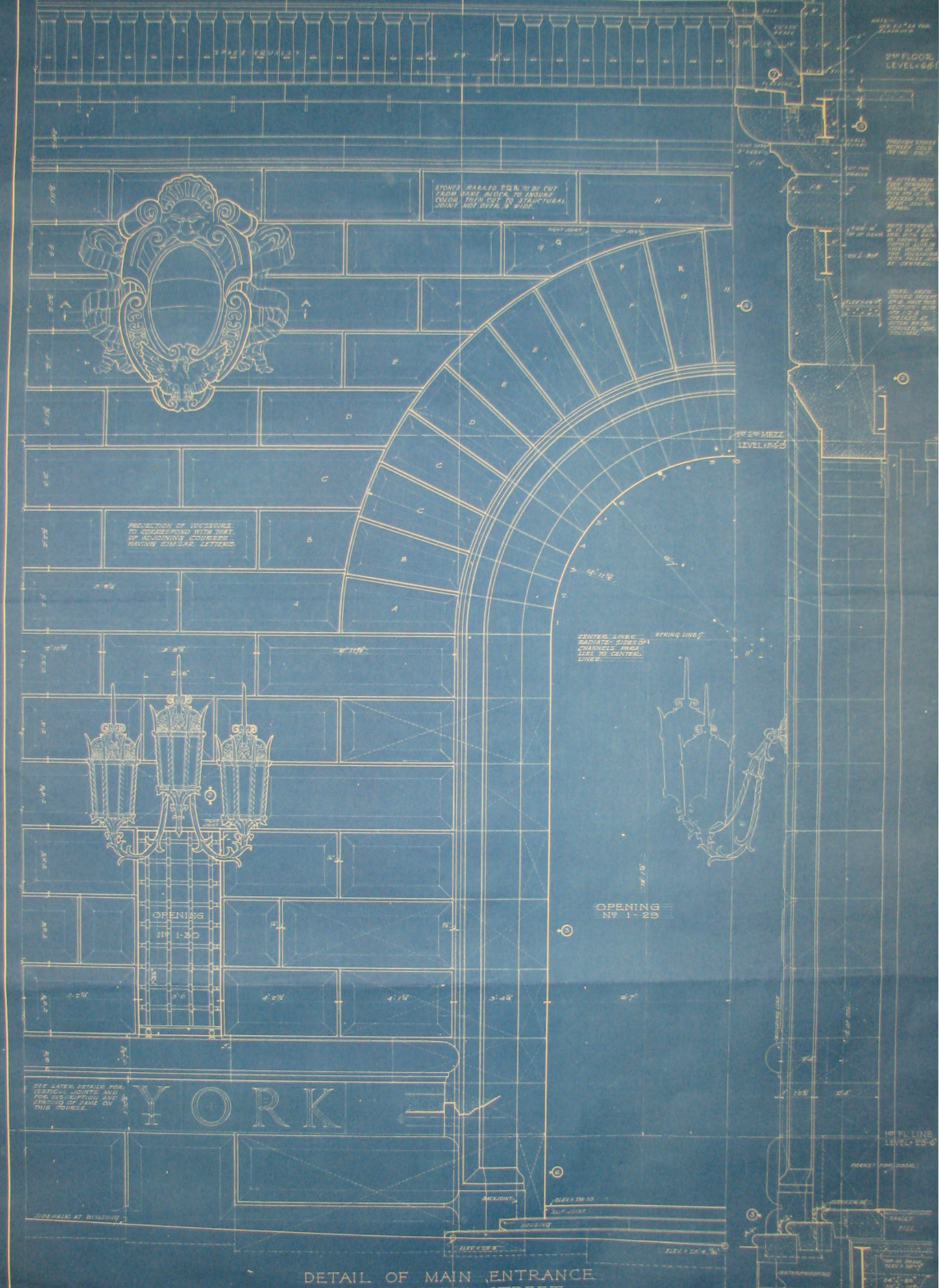




The Research Group  
of the Federal  
Reserve Bank of  
New York

2013/2014





# Contents

To Prospective Job Candidates	3
A Vast Portfolio of Research Assets	5
Resident Scholars Program	15
Our Economists at a Glance: Current Research	16
The Research Group’s Policy Work	18
Research Functions and Personnel	
<i>Director of Research James J. McAndrews</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 Studies</i>	32
<i>Money and Payments Studies</i>	34
<i>Regional Analysis</i>	36
Federal Reserve Bank of New York Research Series	38

[www.newyorkfed.org/research](http://www.newyorkfed.org/research)  
Follow us on Twitter: @NYFedResearch





## To Prospective Job Candidates:

We're pleased that you're 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. Our leadership position has been especially evident as the Bank works to advance the recovery and achieve a more stable financial system. To perform to the highest standards in such a demanding environment, we look to our stellar group of economists to provide analysis and advice based on rigorous research and a comprehensive knowledge of the issues.

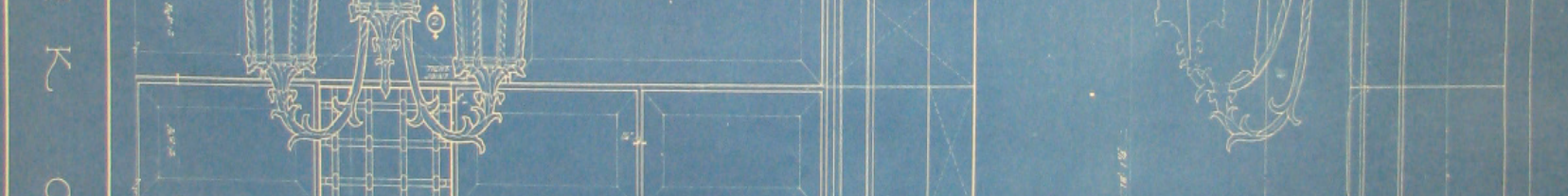
To maintain our strong research capability, we're continually adding to our team of economists. We seek to attract and retain the most highly qualified individuals by creating an environment that's rich in opportunities. We offer our economists not only direct engagement in policy at senior levels but 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. And our own research series and *Liberty Street Economics* blog offer economists important outlets for dissemination of their research. Our economists also participate in leading academic and policy conferences and work closely with our distinguished visiting academics, who this year include Boston University professor and NBER researcher Simon Gilchrist.

We're excited by the many challenges and opportunities offered by the New York Fed. We're sure that you'll share in that excitement when you join our research team.

James J. McAndrews  
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 seven functions, identifies our current staff of economists, and highlights the economists' research interests and recent publications.

### A PREMIER RESEARCH COMMUNITY

Our most important asset is our sixty-five Ph.D. economists, a concentration of expertise far 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, international economics, and regional analysis.

Our economists have compiled an impressive record of publishing in the most highly regarded economics and finance journals. Since 2001, fifty-eight 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:

**Tobias Adrian**, *Annual Review of Financial Economics*

**Stefania Albanesi**, *Journal of Economic Theory*; *LABOUR: Review of Labour Economics and Industrial Relations*

**Nicola Cetorelli**, *Rivista Bancaria*

**Rajashri Chakrabarti**, *Education Finance and Policy*

**Marco Del Negro**, *Economic Inquiry*

**Kenneth Garbade**, *Review of Derivatives Research*

**Rodney Garratt**, *Journal of Financial Market Infrastructures*; *Journal of Public Economic Theory*

**Marc Giannoni**, *Journal of Business Economics and Statistics*; *IMF Economic Review*; *Macroeconomic Dynamics*

**Linda Goldberg**, *Journal of Financial Intermediation*; *Journal of International Economics*

**Jan Groen**, *Journal of Money, Credit, and Banking*

**Andrew Haughwout**, *International Regional Science Review*; *Journal of Regional Science*

**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*

**Ayşegül Şahin**, *European Economic Review*

**João Santos**, *Journal of Financial Economic Policy*; *Journal of Financial Services Research*; *Journal of Money, Credit, and Banking*

**Argia Sbordone**, *Macroeconomic Dynamics*

**Wilbert van der Klaauw**, *Journal of Labor Economics*; *Journal of Business and Economic Statistics*; *LABOUR: Review of Labour Economics and Industrial Relations*

**Tanju Yorulmazer**, *Journal of Money, Credit, and Banking*





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 Centre for Economic Policy Research, the International Monetary Fund, the National Bureau of Economic Research, the U.S. Treasury Department, and the world’s central banks.

### A FIRST-YEAR PLAN FOCUSING ON RESEARCH AND PUBLICATION

In the Research Group, we recognize 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 a large majority 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.

### AN ENVIRONMENT WHERE IDEAS FLOURISH

The Research Group benefits greatly from the New York Fed’s proximity to top-tier universities. In recent years, the Group has cosponsored conferences with institutions such as Columbia, Harvard, NYU, and Princeton. Our 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:

- Jaison Abel**, *University at Buffalo*
- Tobias Adrian**, *Princeton; Seoul National University*

- Richard Crump**, *NYU*
- Stefano Eusepi**, *NYU*
- Marc Giannoni**, *Columbia*
- Linda Goldberg**, *IMF Institute; Princeton*
- Emanuel Moench**, *Columbia*
- Donald Morgan**, *Columbia; NYU*
- Paolo Pesenti**, *Columbia*
- Ayşegül Şahin**, *NYU*
- Asani Sarkar**, *Princeton*
- Argia Sbordone**, *Columbia*
- Andrea Tambalotti**, *Columbia; NYU*
- James Vickery**, *NYU*
- 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, the Board of Governors of the Federal Reserve System, Columbia University, the European University Institute, New York University, the University of Bern, and the University of Lausanne.



Visiting scholar Douglas Gale, New York University

#### Visiting Scholars Program

To help maintain a stimulating and supportive environment for staff economists, we regularly invite 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 2013-14 include:

- Andrew Ang**, *Columbia University*
- Patrick Bayer**, *Duke University*
- Andrew Bernard**, *Dartmouth College*
- Wandi Bruine de Bruin**, *Leeds University*
- Murillo Campello**, *Cornell University*
- Matias Cattaneo**, *University of Michigan*
- Flavio Cunha**, *University of Pennsylvania*
- Giacomo De Giorgi**, *Stanford University*
- Karen Dynan**, *Brookings Institution*
- Mark Flannery**, *University of Florida*
- Douglas Gale**, *New York University*
- Mark Gertler**, *New York University*
- Eric Ghysels**, *University of North Carolina at Chapel Hill*
- Francesco Giavazzi**, *Bocconi University*
- Itay Goldstein**, *University of Pennsylvania*
- Mikhail Golosov**, *Massachusetts Institute of Technology*
- Charles Gottlieb**, *University of Oxford*





Visiting scholar Tano Santos, Columbia University

- Charles Jones**, *Columbia University*
- Charles Kahn**, *University of Illinois, Urbana-Champaign*
- George Kapetanios**, *Queen Mary College, University of London*
- Todd Keister**, *Rutgers University*
- Nobuhiro Kiyotaki**, *Princeton University*
- Ralph Koijen**, *University of Chicago*
- Arvind Krishnamurthy**, *Northwestern University*
- Howard Kunreuther**, *University of Pennsylvania*
- Ricardo Lagos**, *New York University*
- David Laibson**, *Harvard University*
- David Lando**, *Copenhagen Business School*
- John Leahy**, *New York University*
- Francis Longstaff**, *University of California, Los Angeles*
- Charles Manski**, *Northwestern University*
- Atif Mian**, *Princeton University*
- Daniel Paravisini**, *London School of Economics and Political Science*
- Bruno Parigi**, *University of Padova*
- Enrico Perotti**, *University of Amsterdam*
- Monika Piazzesi**, *Stanford University*
- Stephen Redding**, *Princeton University*
- Ricardo Reis**, *Columbia University*

- Richard Rogerson**, *Princeton University*
- Tano Santos**, *Columbia University*
- Thomas Sargent**, *New York University*
- Martin Schneider**, *Stanford University*
- Frank Schorfheide**, *University of Pennsylvania*
- Chester Spatt**, *Carnegie Mellon University*
- Eric Stafford**, *Harvard University*
- Philip Strahan**, *Boston College*
- Pietro Veronesi**, *University of Chicago*
- Luis Viceira**, *Harvard University*
- Bruce Weinberg**, *Ohio State University*
- Andrew Winton**, *University of Minnesota*
- Michael Woodford**, *Columbia University*
- Jonathan Wright**, *Johns Hopkins University*



Seminar speaker Oliver Hart, Harvard University

### A Gateway to Academia

The scope and seriousness of our research environment are reflected in our relationship with academia. Many of our more senior economists come 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, Brown, Columbia, Dartmouth, Georgetown, New York University, the University of British Columbia, the University of Chicago, the University of Oxford, 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 2013 included:

- “Testing Macroprudential Stress Tests: The Risk of Regulatory Risk Weights,” *Viral Acharya, New York University*
- “Early Childhood Development in Colombia: Impact of a Stimulation Intervention and Estimation of Human Capital Accumulation Production Function,” *Orazio Attanasio, University College London*
- “Endogenous Sources of Volatility in Housing Markets: The Joint Buyer-Seller Problem,” *Patrick Bayer, Duke University*
- Do Loan Officers’ Incentives Lead to Lax Lending Standards?” *Itzhak Ben-David, Ohio State University*
- “Internationalization and Bank Risk,” *Allen Berger, University of South Carolina*
- “The Geography of Risk Capital and Limits to Arbitrage,” *Andrea Buraschi, University of Chicago*
- “A Model of the Safe Asset Mechanism (SAM): Safety Traps and Economic Policy,” *Ricardo Caballero, Massachusetts Institute of Technology*
- “A Theory of Bank Liquidity Requirements,” *Charles Calomiris, Columbia University*
- “Can We Recover?” *Peter Carr, Morgan Stanley*
- “Target Balances and the Crisis in the Euro Area,” *Philippine Cour-Thimann, European Central Bank*



Seminar speaker Robert Shiller, Yale University

- “Eliciting Maternal Beliefs about the Technology of Skill Formation,” *Flavio Cunha, University of Pennsylvania*
- “The Comparative Advantage of Cities,” *Donald Davis, Columbia University*
- “Business Literacy and Development: Evidence from an RCT in Rural Mexico,” *Giacomo De Giorgi, Stanford University*
- “Admitting Students to Selective Education Programs: Merit, Profiling, and Affirmative Action,” *Dennis Eppe, Carnegie Mellon University*
- “Export Superstars,” *Caroline Freund, Peterson Institute for International Economics*
- “Relationship and Transaction Lending in a Crisis,” *Leonardo Gambacorta, Bank for International Settlements*
- “No News in Business Cycles,” *Luca Gambetti, Universitat Autònoma de Barcelona*
- “Need-Based Financial Aid and College Persistence: Experimental Evidence from Wisconsin,” *Sara Goldrick-Rab, University of Wisconsin–Madison*



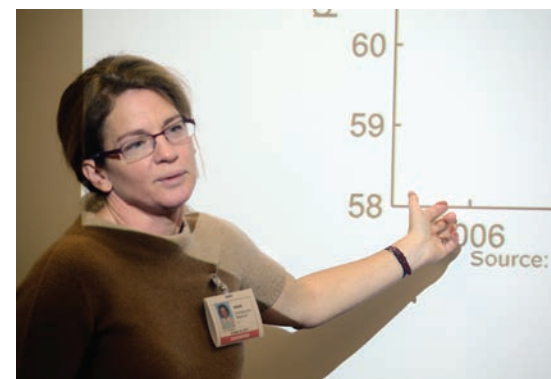


Seminar speaker Ricardo Caballero, MIT

- “The Impact of College Quality on College Completion Rates,” *Joshua Goodman, Harvard University*
- “Central Bank Communication, Agent Interactions, and Inflation Dynamics,” *Kinda Hachem, University of Chicago*
- “Financial Contracting and Bail-In,” *Oliver Hart, Harvard University*
- “The Joint Dynamics of Capital and Employment at the Plant Level,” *William Hawkins, Yeshiva University*
- “Self-Enhancing Transmission Bias and Active Investing,” *David Hirshleifer, University of California, Irvine*
- “The Exchange Rate Response Puzzle,” *Viktoria Hnatkovskay, University of British Columbia*
- “Banks as Secret Keepers,” *Bengt Holmström, Massachusetts Institute of Technology*
- “Prospects of the Japanese Economy or ‘Abenomics’—Growth, Monetary Policy, Fiscal Policy, Yen, Stock Prices—at Large,” *Takatashi Ito, University of Tokyo*
- “The Value of Remarriage: Welfare Effects of Divorce Legalization,” *Clement Joubert, University of North Carolina at Chapel Hill*
- “Shopping Externalities and Self-Fulfilling Unemployment Fluctuations,” *Greg Kaplan, Princeton University*
- “Private Equity Performance: What Do We Know?” *Steven Kaplan, University of Chicago*

- “The Opportunity Cost of Employment: Cycles and Levels,” *Loukas Karabarbounis, University of Chicago*
- “Firm Volatility in Granular Networks,” *Bryan Kelly, University of Chicago*
- “Tax Farming Redux: Experimental Evidence on Incentive Pay for Tax Collectors,” *Asim Khwaja, Harvard University*
- “The Behavior of Aggregate Corporate Investment,” *S. P. Kothari, Massachusetts Institute of Technology*
- “Dynamic Macro-Prudential Regulation: Optimal Capital Requirements over the Business Cycle,” *Frederic Malherbe, London Business School*
- “Can Incentives Be Used to Change Educational Inputs? Experimental Evidence,” *Paco Martorell, RAND Corporation*
- “Bank Leverage Cycles,” *Galo Nuño, European Central Bank*
- “Maturity Rationing and Collective Short-Termism,” *Martin Oehmke, Columbia University*
- “Missed Opportunities in the Labor Market or Temporary Disruptions? How Late Teacher Hiring Affects Student Achievement,” *John Papay, Brown University*
- “The Economic Stimulus Payments of 2008 and the Aggregate Demand for Consumption,” *Jonathan Parker, Northwestern University*
- “Firm Heterogeneity and Aggregate Welfare,” *Stephen Redding, Princeton University*
- “Cyclical Adjustment of Capital Requirements: A Simple Framework,” *Rafael Repullo, Centro de Estudios Monetarios y Financieros*
- “Will the Property Tax Continue to Play a Central Role in the Funding of Public Education?” *Andrew Reschovsky, University of Wisconsin–Madison*
- “The Recovery Theorem,” *Stephen Ross, Massachusetts Institute of Technology*
- “Uninformed Capital, Leverage, and Origination Incentives,” *Tano Santos, Columbia University*

- “Concentration in Mortgage Lending, Refinancing Activity, and Mortgage Rates,” *David Scharfstein, Harvard University*
- “The Making of a Great Contraction,” *Stephanie Schmitt-Grohe, Columbia University*
- “The Surprisingly Swift Decline of U.S. Manufacturing Employment,” *Peter Schott, Yale University*
- “Notes on Bonds: Liquidity at All Costs in the Great Recession,” *Krista Schwarz, University of Pennsylvania*
- “Reflections on Finance and the Good Society,” *Robert Shiller, Yale University*
- “Balance Sheets of Central Banks and Treasuries: Do They Create Inflation Risk?” *Christopher Sims, Princeton University*
- “Liquidity Trap and Excessive Leverage,” *Alp Simsek, Harvard University*
- “Banking Deregulation and the Rise in House Price Comovement,” *David Sraer, Princeton University*



Seminar speaker Stephanie Schmitt-Grohe, Columbia University

- “Behavioral Factors in the Valuation of Employee Stock Options,” *Richard Stanton, University of California, Berkeley*
- “Bankruptcy Code, Optimal Liability Structure, and Secured Short-Term Debt,” *Suresh Sundaresan, Columbia University*
- “Money Creation and the Shadow Banking System,” *Adi Sunderam, Harvard University*

- “When Credit Bites Back: Leverage, Business Cycles, and Crises,” *Alan Taylor, University of Virginia*
- “Business Cycle Implications of Mortgage Spreads,” *Karl Walentin, Sveriges Riksbank*
- “Popular Peers’ Effects,” *Bruce Weinberg, Ohio State University*
- “Equity Market Misvaluation, Financing, and Investment,” *Toni Whited, University of Rochester*
- “Investment-Banking Relationships: 1933-2007,” *William Wilhelm, Jr., University of Virginia*



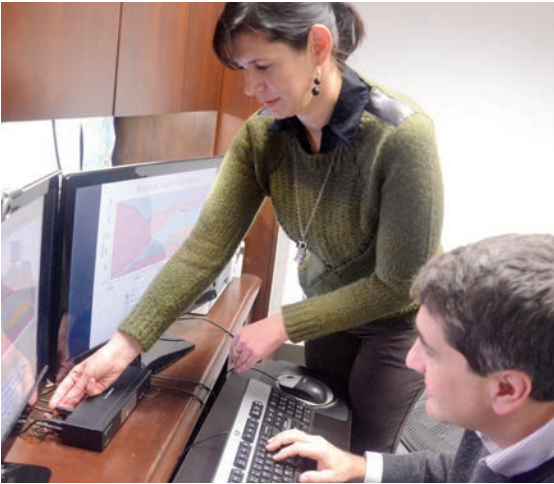
### Conferences

Over the past few years, we have hosted many well-received research conferences. The sessions have addressed a diverse set of topics, including central bank liquidity tools, global systemic risk, disclosure requirements and market discipline of financial firms, policy options for affordable housing, inflation-indexed securities and inflation risk management, the spread between primary and secondary mortgage rates, transatlantic economic interdependence and policy challenges, “fire sales” as a driver of systemic risk in tri-party repo and other secured funding markets, and strategies for improving the measurement of economic and financial market performance.



### A RICH COMPUTING ENVIRONMENT

Our state-of-the-art Research Computing Environment 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 high-performance computing environment of Linux clusters.* Hundreds of processors allow for parallel computing in Research, complemented by additional Linux servers. Application servers support parallel and serial work in standard and specialized econometric software resources.
- *Data.* A full range of economic and financial data is available for independent research projects as well as for use in monetary policy initiatives associated with a wide variety of research topics.
- *Robust data-storage solutions.* Our Research Storage Area Network, with the capacity to store hundreds of terabytes of fully protected data, supports analysis of large data sets on the Bank's network.

- *Access to software resources.* Numerous econometric software packages and modules are available, including MATLAB, STATA, Mathematica, SAS Grid, Fortran, the R programming language, EViews, and GAUSS. Technical word-processing packages, such as Scientific Workplace and WinEdt, are fully supported.
- *A separate Research network for collaboration with external colleagues.* The flexible Research Accessible Network (RAN) supports economists' academic work and collaboration by providing convenient access to Internet resources from inside the Bank as well as access to Research Group resources from outside the Bank through the Internet.
- *Access to cloud computing.* For academic research projects, external high-performance clusters and graphics processing units (GPUs) are available and are integrated with the RAN cluster.
- *Access to the Bank's secure network.* The Bank's secure internal network can be used to conduct important policy work as well as to access e-mail, internal Federal Reserve System websites, and productivity applications and utilities.
- *Versatile workstation options.* A customizable environment of 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 large monitors, secure external hard drives, high-end color printers, and secure USB drives—complements these workstation features.

- *Convenient remote access.* An array of automated tools streamline research work at home or while traveling; BlackBerry devices are available for mobile communication.
- *A committed team of technical support specialists.* The Research Technology Staff provides local, specialized services dedicated to the computing needs of Research economists. They work alongside economists and are available via PC, e-mail, and phone. In addition, the team works closely with the Bank's National Service Desk, which is available 24/7, to provide integrated solutions for all Research computing business needs.



### EXTENSIVE PROFESSIONAL SUPPORT

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

Joining this group of support personnel are roughly forty research associates, who offer skilled and energetic assistance 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, thirty-five RAs have gone on to top-five Ph.D. programs while another thirty-five have entered top-twenty programs. Among this group, several 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/](http://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, and social-media output. These pages are among the most visited on our 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 microdata 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 Scholars Program

Our Program for Resident Scholars attracts to the Bank outstanding researchers with an international reputation. We are very pleased to host Simon Gilchrist as resident scholar for 2014.

Professor Gilchrist is a professor of economics at Boston University and a research associate at the National Bureau of Economic Research. He has served as a staff economist at the Board of Governors of the Federal Reserve System and has held visiting positions at the Massachusetts Institute of Technology and the Federal Reserve Bank of New York. Professor Gilchrist has also served as an academic consultant to the Board of Governors; the Federal Reserve Banks of Boston, New York, and San Francisco; the Bank of Canada; the Bank of England; and the International Monetary Fund. He is currently a member of the editorial board of the *American Economic Review* and an associate editor of the *Review of Economics and Statistics*. Much of Professor Gilchrist's research focuses on the consequences of financial market turmoil and its impact on real economic activity, with particular focus on the implications for investment behavior, business-cycle dynamics, and the conduct of monetary policy.

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 own 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 J. Flannery**, *BankAmerica Eminent Scholar in Finance, University of Florida,*

**Douglas Gale**, *Silver Professor and Professor of Economics, New York University,*

**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,*

**Christopher Sims**, *Professor of Economics, Princeton University,*

**Suresh M. Sundareshan**, *Chase Manhattan Bank Foundation Professor of Financial Institutions, Columbia Business School,*

**Jiang Wang**, *Mizuho Financial Group Professor, MIT Sloan School of Management.*



# Our Economists at a Glance: Current Research

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

**Jaison Abel**—Empirical research on the microfoundations of urban agglomeration economies and the spatial distribution of human capital.

**Tobias Adrian**—Research on the general equilibrium impact of prudential policies on financial intermediary balance sheet management, asset price dynamics, and credit supply.



**Gara Afonso**—Theoretical research on liquidity in financial markets during distressed periods; theoretical and empirical research on the U.S. interbank market.

**Stefania Albanesi**—Research on optimal taxation and on labor market dynamics, with an emphasis on household labor supply decisions and on gender gaps in labor force participation, unemployment, and wages.

**Mary Amiti**—Empirical research on the effects of financial shocks on exports.

**Olivier Armantier, Giorgio Topa, Wilbert van der Klaauw, and Basit Zafar**—Field experiments on expectations updating and the links between expectations and behavior.

**Rajashri Chakrabarti**—Empirical research on education issues and policies and their effects on schools, students, and teachers.

**Marco Del Negro**—Forecasting using dynamic stochastic general equilibrium models; the study of financial frictions.

**Fernando Duarte and Thomas Eisenbach**—Research on “fire sales” and how they affect the stability of the financial sector.


**Stefano Eusepi**—Research on the implications of different theories of expectations formation for monetary and fiscal policy design.

**Kenneth Garbade**—Work on the historical evolution of the market for U.S. Treasury securities.

**Marc Giannoni**—Research on the characterization of optimal monetary policy in the face of uncertainty and on the estimation of macroeconomic models using large data sets.

**Fatih Karahan**—Theoretical and empirical research on geographical mobility and the interaction between the housing and labor markets.

**Donghoon Lee**—Empirical research on consumer credit, the mortgage market, student loans, and household finance.



**Emanuel Moench**—Empirical research on the interaction of macroeconomic and asset price dynamics, with a focus on risk premium modeling and forecasting.



**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; commodity price forecasting.

**Maxim Pinkovskiy**—Empirical research on inequality and welfare measures and on the determinants of economic growth; analysis of macroeconomic and labor market impacts of health policy including the Affordable Care Act.

**Robert Rich and Joseph Tracy**—Empirical research using survey data on inflation expectations to examine relationships between average expectations, disagreement, and uncertainty; empirical research on the determinants of ex post contract durations.

**Ayşegül Şahin**—Theoretical and empirical research on labor market dynamics with an emphasis on the most recent downturn’s potential long-term labor market effects.

**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 bank lending activity and bank liquidity risk.

**Ernst Schaumburg**—Research on the use of high-frequency data to measure and price volatility risk.

**Andrea Tambalotti**—Research on the macroeconomic effects of the household deleveraging process since the Great Recession.

**Giorgio Topa**—Empirical research on referrals in the labor market, on social interactions, and on subjective expectations; survey data collection and empirical research on job search behavior.

**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; new data collection and empirical research on household debt and subjective expectations.

**Tanju Yorulmazer**—Theoretical research on banking and financial stability issues, including liquidity, channels of systemic risk, and financial crises and their resolution.





# 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. For example, economists in our Microeconomic Studies Function have analyzed new statistics on student loans derived from the FRBNY Consumer Credit Panel, a unique and nationally representative data set. Access to these data enables the economists to shed light on key trends in student debt that had largely been uncaptured because relevant statistics were limited and often anecdotal. The team has also been studying the interaction between student debt and other types of household debt. Aware that these loans remain a pressing issue for students, parents, and the federal government, the team now shares its findings with policymakers and the public each quarter.



Additionally, in the aftermath of Superstorm Sandy, economists in the Regional Analysis Function have studied the effects of the storm on the New York–New Jersey–Connecticut region. The researchers examined the direct and indirect costs of the storm and presented their findings in a series of *Liberty Street Economics* blog posts. The team has continued to follow developments in the economic recovery of affected areas—such as the jobs rebound and the nature and magnitude of the stimulus provided to the New York metro region—

in subsequent posts. Examination of these issues has led to ongoing research and a recent conference on the management of catastrophic risk and the protection of critical infrastructure in urban areas.

Individually, our seven research functions apply their particular expertise to a wide range of other policy responsibilities.

**Capital Markets** contributes to monetary policy formulation, monetary policy implementation, and market and financial stability monitoring by developing analytical tools and providing rigorous analysis to senior Bank management. Recent work by the staff analyzes transparency in over-the-counter (OTC) markets, dealer positioning, liquidity in fixed-income markets, the pricing of the term structure of interest rates and credit, inflationary expectations embedded in financial market prices, systemic risk of financial institutions, the links between financial intermediary balance sheet management and asset price dynamics, and liquidity provision by the Federal Reserve.

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 an emphasis on the performance and stability of financial markets and core institutions. Recently, they have studied the evolution of the banking industry, 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** economists conduct research and policy analysis on global macroeconomic, trade, and finance issues affecting the United States. Recent topics examined include the



use of unconventional monetary policies abroad, the euro area debt crisis, the role of global banking in monetary transmission, the forecasting of commodity prices, and the measurement of risk premiums in international bond and currency markets.

In **Macroeconomic and Monetary Studies**, economists advise senior Bank management on monetary policy. They monitor and analyze current economic, fiscal, and financial conditions, as well as provide judgmental and DSGE model-based forecasts of real activity and inflation and gauge the risks to the outlook. Their research covers a broad range of topics, such as changes in labor market dynamics, potential long-term economic effects of recessions, the evolution of trend and cyclical productivity, the dynamics of prices and wages, the conduct of monetary policy at the zero-bound constraint, the effect of economic and financial market conditions on inflation expectations, the use of disaggregated data to discern inflation trends, and interactions between financial markets, economic conditions, and monetary policy.

**Microeconomic Studies** contributes to monetary policy formulation and financial stability by providing policy advice and empirical analysis on auction design; consumer (and business)

expectations; the healthcare sector; household finance; the housing and mortgage markets; labor market dynamics, unemployment, participation, and job search; fiscal policy at the federal, state, and local levels; and small businesses and entrepreneurship. The Function also plays a unique role in the collection and development of new micro data sets that enable the Bank to formulate accurate and fact-based policy responses; examples include the New York Consumer Credit Panel; the student loan data set; the Survey of Consumer Expectations; and, with the Regional Analysis Function, various regional business surveys.

**Money and Payments Studies** analyzes the infrastructure at the heart of the financial system. Key elements of study are the interbank and money markets—such as the federal funds, repo, and other over-the-counter markets—as well as payments 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 OTC derivatives markets, drafting policy proposals aimed at improving the implementation of monetary policy, investigating the stability of repo and other short-term funding markets, and examining the dollar funding models of global banks. The Function has also analyzed strategies for mitigating risk in payments and settlement systems.



The **Regional Analysis** staff monitors and analyzes regional economic conditions, with an emphasis on the Second Federal Reserve District. Their research findings are presented to the Bank’s senior management as well as to the broader business and policy communities and the public throughout the District. Staff members also produce the *Empire State Manufacturing Survey*, monthly indexes of coincident economic indicators, and the *Beige Book* report. Recent work includes analysis of the geography of the housing boom and bust, the relationship between prices and rents in



New York City, mortgage assistance to unemployed homeowners, and educational policies and their effects on schools and children.

## 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, Marco Del Negro, Michael Fleming, Jonathan McCarthy, and Jamie McAndrews collaborated with their colleagues in the Bank’s Markets Group on a *Liberty Street Economics* blog series on the evolution of the Federal Reserve’s System Open Market Account (SOMA) portfolio and its use as a monetary policy instrument. The researchers conceived the series to promote a better understanding of how the Fed generates income,



why SOMA income has increased in recent years, and how the Fed’s remittances to the U.S. Treasury are just one way in which monetary policy affects the federal government’s fiscal position. The bloggers also focused on what the path of the portfolio and its income would look like had the SOMA’s balance sheet actions not been taken. Staff in Research and Markets have been working since 2008 to provide projections of the SOMA portfolio and income to policymakers and present analysis on the potential effects to income of different policy options as well as the associated risks. The blog series was particularly timely and informative because the ongoing use of the SOMA portfolio as a policy tool has helped to clarify the importance of the Fed’s balance sheet while generating an active public discussion about its income and risk.

While policy assignments can stimulate new research, the relationship is a reciprocal one: an economist’s research will find many applications to policy work. Research on the tri-party repo market, in which banks lend securities in exchange for short-term loans from investors, provides a good example. The market has long been a policy concern, since distress at one firm or in one type of collateral can rapidly spread to the broader market. In research released in our *Staff Reports* series, Antoine Martin, Jamie McAndrews, and their colleagues study the risk of “fire sales” in the tri-party repo market. They conclude that limited tools are available to mitigate the risk of pre-default fire sales and that no established tools

currently exist to mitigate the risk of post-default sales. In a subsequent *Liberty Street Economics* blog post, Adam Copeland, Martin, McAndrews, and their colleagues consider the case for higher repo haircuts. They find that permanent higher haircuts can affect the risk of pre- and post-default fire sales in contradictory ways—and that they should be used with caution. In addition, the topic of fire-sale risk in the tri-party repo market led to a New York Fed workshop that brought academics, regulators, and market participants together to foster new thinking about ways to mitigate this financial stability risk concern.

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 initiatives.

## 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 online publications that address policy-related economic and financial market issues.

- The *Economic Policy Review*, the Bank’s flagship research journal, reaches policymakers, business and banking professionals, and academics.
- *Current Issues in Economics and Finance* presents research findings in a highly readable form 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.

## LIBERTY STREET ECONOMICS BLOG

In March 2011, we launched *Liberty Street Economics*. The blog provides a way for our economists to engage with the public on diverse issues quickly and frequently. The less technical style of the posts makes the insights from their research and analysis accessible to a broad audience. Importantly, the blog supports the Bank’s commitment to sharing research and analysis in an accessible and timely way.

*Liberty Street Economics* typically publishes new economic posts two to three times a week; it also publishes reader comments and author responses to generate dialogue with the public. In 2013, the blog had roughly 100 economic posts.

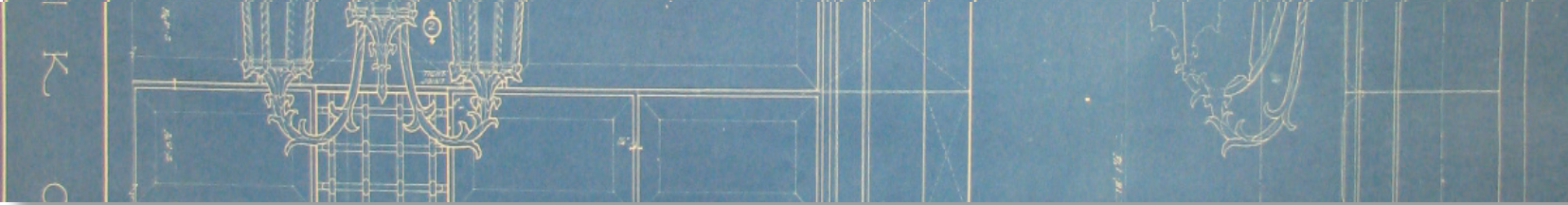


## SSRN WEB PAGE

Our economists’ work also finds a wide audience through our arrangement with the Social Science Research Network (SSRN). The SSRN has 423,000-plus papers in its database; more than 70 million papers have been downloaded from its site.

Visitors to our page on the SSRN site ([www.ssrn.com/link/FRB-New-York.html](http://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 the *Staff Reports* working paper series. To date, there have been about 232,000 downloads of these papers from the SSRN site.





# Research Functions And Personnel

## DIRECTOR OF RESEARCH JAMES J. MCANDREWS

James J. McAndrews is an executive vice president and head of the Research and Statistics Group at the Federal Reserve Bank of New York. In this role, Jamie is responsible for the briefings in support of the Bank president's participation in FOMC meetings and for the economic and financial policy analysis prepared by the Group. He has played a prominent role in the New York Fed's financial stability efforts, including contributing to the design of several liquidity facilities during the financial crisis. He also serves as an associate economist of the FOMC.

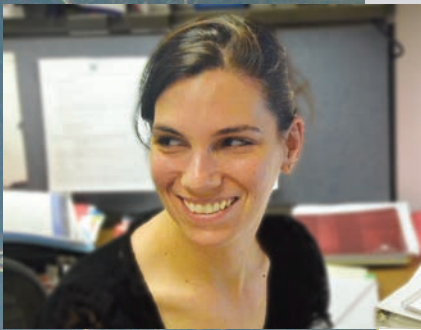
Jamie joined the Bank as a senior economist in 1997 and was named an executive vice president in 2010, after having served as associate director of the Research and Statistics Group since 2009. He is a member of the Bank's Management Committee.

His main research area is the economics of money and payments. He has written extensively on topics in monetary policy implementation, the liquidity of banks and markets, and monetary arrangements in U.S. history. Recent topics include the economics of dealer banks, the management of central bank liabilities, and fire sales in securities markets. He has analyzed and provided advice on many policy issues related to those areas for the Federal Reserve.

Jamie has served as a consulting economist to the Bank of Japan, the Bank of England, the Reserve Bank of Australia, the Swedish Riksbank, and the World Bank. He holds a bachelor's degree and a doctorate in economics from the University of Iowa.







## RECENT RESEARCH TOPICS INCLUDE:

- the links between financial markets and the macroeconomy,
- estimation of risk premia in stock, bond, and derivatives markets,
- liquidity in fixed-income and derivatives markets,
- the interaction between financial institutions' balance sheets and market liquidity,
- economic analysis of the market-based financial system,
- analysis of financial market stress and the measurement of systemic risk, and
- risk management and stress test design.

# CAPITAL MARKETS

The Capital Markets Function conducts research and policy analysis on asset pricing and financial market liquidity and on the interaction between markets, institutions, and the macroeconomy. 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 STAFF

### Tobias Adrian

Ph.D., MIT, 2003

Interests: Asset pricing; financial intermediation; financial stability.

### Nina Boyarchenko

Ph.D., Chicago, 2011

Interests: Asset pricing; macroeconomics; market liquidity.

### Richard Crump

Ph.D., UC Berkeley, 2009

Interests: Econometric theory; financial economics.

### Fernando Duarte

Ph.D., MIT, 2011

Interests: Asset pricing; macroeconomics; monetary policy.

### Michael Fleming

Ph.D., Harvard, 1994

Interests: Market microstructure; financial intermediation; monetary policy.

### Andreas Fuster

Ph.D., Harvard, 2011

Interests: Household finance; real estate finance; behavioral economics.

### David Lucca

Ph.D., Northwestern, 2006

Interests: Asset pricing; macroeconomics; monetary policy.

### Emanuel Moench

Ph.D., Humboldt University Berlin, 2006

Interests: Empirical asset pricing; macroeconomics; applied econometrics.

### Ernst Schaumburg

Ph.D., Princeton, 2001

Interests: Financial econometrics; empirical asset pricing; monetary economics.

### Or Shachar

Ph.D., NYU, 2013

Interests: Market frictions; credit risk; financial econometrics.



## RECENT PUBLICATIONS AND PAPERS

**Tobias Adrian.** "Pricing the Term Structure with Linear Regressions," with Richard Crump and Emanuel Moench. *Journal of Financial Economics* 110, no. 1 (2013).

"Procyclical Leverage and Value-at-Risk," with Hyun Song Shin. *Review of Financial Studies*, forthcoming.

**Nina Boyarchenko.** "Ambiguity Shifts and the 2007-2008 Financial Crisis." *Journal of Monetary Economics* 59, no. 5. Carnegie-NYU-Rochester Conference Series on Public Policy (2012).

**Richard Crump.** "Optimal Inference for Instrumental Variables Regression with Non-Gaussian Errors," with Matias D. Cattaneo and Michael Jansson. *Journal of Econometrics* 167, no. 1 (2012).

**Fernando Duarte.** "Inflation Risk and the Cross-Section of Stock Returns." Working paper, 2012.

**Michael Fleming.** "Trading Activity and Price Transparency in the Inflation Swap Market," with John R. Sporn. Federal Reserve Bank of New York *Economic Policy Review* 19, no. 1 (2013).

**Andreas Fuster.** "Expectations as Endowments: Evidence on Reference-Dependent Preferences from Exchange and Valuation Experiments," with Keith Ericson. *Quarterly Journal of Economics* 126, no. 4 (2011).

"Natural Expectations, Macroeconomic Dynamics, and Asset Pricing," with Benjamin Hebert and David Laibson. *NBER Macroeconomics Annual* 26 (2012).

**David Lucca.** "The Pre-FOMC Announcement Drift," with Emanuel Moench. *Journal of Finance*, forthcoming.

**Emanuel Moench.** "Dynamic Hierarchical Factor Models," with Serena Ng and Simon Potter. *Review of Economics and Statistics*, forthcoming.

**Ernst Schaumburg.** "Jump-Robust Volatility Estimation using Nearest Neighbor Truncation," with Torben Andersen and Dobrislav Dobrev. *Journal of Econometrics* 169, no. 1 (2012).

**Or Shachar.** "Why Do Closed-End Bond Funds Exist? An Additional Explanation for the Growth in Domestic Closed-End Bond Funds," with Edwin J. Elton, Martin J. Gruber, and Christopher R. Blake. *Journal of Financial and Quantitative Analysis* 48, no. 2 (2013).





RECENT RESEARCH TOPICS INCLUDE:

- the stability of financial markets and institutions,
- macroprudential regulation of the financial industry,
- corporate governance and executive compensation,
- risk management and measurement,
- securitization and structured finance,
- credit markets and debt ratings,
- regulatory capital requirements,
- consumer finance protection and regulation,
- banking and the real economy, and
- international banking.

FINANCIAL INTERMEDIATION

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

FINANCIAL INTERMEDIATION 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.

**Nicola Cetorelli**  
*Ph.D., Brown, 1996*  
 Interests: Banking; industrial organization; corporate finance; bank finance and real activity.

**Dong Beom Choi**  
*Ph.D., Princeton, 2012*  
 Interests: Financial economics; banking; liquidity crises; financial stability.

**Linda Goldberg**  
*Ph.D., Princeton, 1988*  
 Interests: International banking and shock transmission across borders; exchange rate causes and consequences; international roles of the dollar and other currencies.

**Beverly Hirtle**  
*Ph.D., MIT, 1986*  
 Interests: Retail banking and bank branching; risk management and measurement; banks’ dividend and stock repurchase behavior; disclosure; bank capital.

**Anna Kovner**  
*Ph.D., Harvard, 2008*  
 Interests: Corporate finance; banking; venture capital and private equity.

**Hamid Mehran**  
*Ph.D., University of North Carolina, 1990*  
 Interests: Corporate finance.

**Donald Morgan**  
*Ph.D., Wisconsin, 1989*  
 Interests: Consumer credit; personal bankruptcy; information frictions and macroeconomic activity.

**Stavros Peristiani**  
*Ph.D., Columbia, 1984*  
 Interests: Banking and finance; real estate finance; theoretical and applied econometrics.

**Matthew Plosser**  
*Ph.D., Chicago, 2012*  
 Interests: Banking; corporate finance; private equity and entrepreneurial activity.

**João Santos**  
*Ph.D., Boston University, 1994*  
 Interests: Corporate finance; banking; banking regulation and the design of financial systems, institutions, and contracts.

**James Vickery**  
*Ph.D., MIT, 2004*  
 Interests: Banking and financial institutions; mortgage markets and real estate finance; household finance; corporate finance.

**Tanju Yorulmazer**  
*Ph.D., NYU, 2003*  
 Interests: Financial intermediation; systemic risk; liquidity; financial crises and resolution.

RECENT PUBLICATIONS AND PAPERS

**Gara Afonso.** “Precautionary Demand and Liquidity in Payment Systems,” with Hyun Song Shin. *Journal of Money, Credit, and Banking* 43, no. s2 (2011).

“Stressed, Not Frozen: The Federal Funds Market in the Financial Crisis,” with Anna Kovner and Antoinette Schoar. *Journal of Finance* 66, no. 4 (2011).

**Nicola Cetorelli.** “Banking Globalization and Monetary Transmission,” with Linda Goldberg. *Journal of Finance* 67, no. 5 (2012).

“Credit Quantity and Credit Quality: Bank Competition and Capital Accumulation,” with Pietro Peretto. *Journal of Economic Theory* 147, no. 3 (2012).

**Dong Beom Choi.** “Heterogeneity and Stability: Bolster the Strong, Not the Weak.” Working paper, 2012.

**Linda Goldberg.** “Banking Globalization and Monetary Transmission,” with Nicola Cetorelli. *Journal of Finance* 67, no. 5 (2012).

“Liquidity Management of U.S. Global Banks: Internal Capital Markets in the Great Recession,” with Nicola Cetorelli. *Journal of International Economics* 88, no. 2 (2012).

**Beverly Hirtle.** “Credit Derivatives and Bank Credit Supply.” *Journal of Financial Intermediation* 18, no. 2 (2009).

**Anna Kovner.** “Do Underwriters Matter? The Impact of the Near Failure of an Equity Underwriter.” *Journal of Financial Intermediation* 21, no. 3 (2012).

“The Private Equity Advantage: Leveraged Buyout Firms and Relationship Banking,” with Victoria Ivashina. *Review of Financial Studies* 24, no. 7 (2011).

**Hamid Mehran.** “Bank Capital and Value in the Cross-Section,” with Anjan Thakor. *Review of Financial Studies* 24, no. 4 (2011).

**Donald Morgan.** “How Payday Credit Access Affects Overdrafts and Other Outcomes,” with Michael Strain and Ihab Seblani. *Journal of Money, Credit, and Banking*, forthcoming.

**Stavros Peristiani.** “The Information Value of the Stress Test,” with Donald Morgan and Vanessa Savino. *Journal of Money, Credit, and Banking*, forthcoming.

**Matthew Plosser.** “Bank Heterogeneity and Capital Allocation: Evidence from ‘Fracking’ Shocks.” Working paper, 2012.

**João Santos.** “Bank Corporate Loan Pricing Policy following the Subprime Crisis.” *Review of Financial Studies* 24, no. 6 (2011).

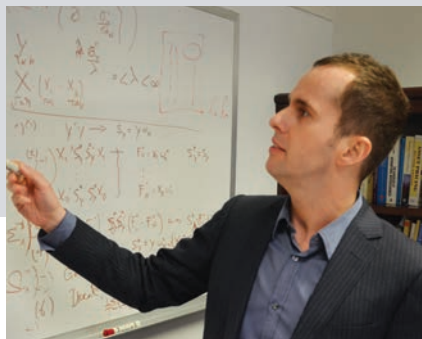
“Banks’ Liquidity and the Cost of Liquidity to Corporations,” with Vitaly Bord. *Journal of Money, Credit, and Banking*, forthcoming.

**James Vickery.** “Barriers to Household Risk Management: Evidence from India,” with Shawn Cole, Xavier Giné, Jeremy Tobacman, Petia Topalova, and Robert Townsend. *American Economic Journal: Applied Economics* 5, no. 1 (2013).

**Tanju Yorulmazer.** “Crisis Resolution and Bank Liquidity,” with Viral Acharya and Hyun Song Shin. *Review of Financial Studies* 24, no. 6 (2011).

“Rollover Risk and Market Freezes,” with Viral Acharya and Douglas Gale. *Journal of Finance* 66, no. 4 (2011).





## RECENT RESEARCH TOPICS INCLUDE:

- macroeconomic spillovers and policy interdependence,
- capital mobility and financial integration,
- current account sustainability and global rebalancing,
- causes and consequences of exchange rate movements,
- exchange rate pass-through to prices,
- European and Japanese economic issues, and
- commodity prices.

## INTERNATIONAL RESEARCH

The International Research Function conducts research and policy analysis on international economics, examining issues in open-economy macroeconomics, global finance, trade, and economic development. 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.

### INTERNATIONAL RESEARCH STAFF

#### Mary Amiti

*Ph.D., London School of Economics and Political Science, 1997*

Interests: Trade finance; trade liberalization and productivity; wages, the wage skill premium, and product quality; exchange rate pass-through.

#### Bianca De Paoli

*Ph.D., London School of Economics and Political Science, 2006*

Interests: International economics; monetary economics; linkages between financial markets and the macroeconomy.

#### Jan Groen

*Ph.D., Erasmus University Rotterdam, 2000*

Interests: International finance; applied econometrics; macroeconomics; financial economics.

#### Thomas Klitgaard

*Ph.D., Stanford, 1985*

Interests: European economic issues; capital flows; international trade; exchange rates.

#### Friederike Niepmann

*Ph.D., European University Institute, 2012*

Interests: International banking and finance; international trade.

#### Paolo Pesenti

*Ph.D., Yale, 1991*

Interests: Global macroeconomic adjustment; financial and currency crises.

## RECENT PUBLICATIONS AND PAPERS

**Mary Amiti.** "Importers, Exporters, and Exchange Rate Disconnect," with Oleg Itskhoki and Jozef Konings. *American Economic Review*, forthcoming.

"Trade, Firms, and Wages: Theory and Evidence," with Donald R. Davis. *Review of Economic Studies* 79, no. 1 (2012).

**Bianca De Paoli.** "Cyclical Risk Aversion, Precautionary Savings, and Monetary Policy," with Pawel Zabczyk. *Journal of Money, Credit, and Banking* 45, no. 1 (2013).

**Jan Groen.** "Real-Time Inflation Forecasting in a Changing World," with Richard Paap and Francesco Ravazzolo. *Journal of Business and Economic Statistics* 31, no. 1 (2013).

**Thomas Klitgaard.** "Saving Imbalances and the Euro Area Sovereign Debt Crisis," with Matthew Higgins. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 17, no. 5 (2011).

**Friederike Niepmann.** "Bank Bailouts, International Linkages, and Cooperation," with Tim Schmidt-Eisenlohr. *American Economic Journal: Economic Policy* 5, no. 4 (2013).

**Paolo Pesenti.** "Varieties and the Transfer Problem," with Giancarlo Corsetti and Philippe Martin. *Journal of International Economics* 89, no. 1 (2013).





## RECENT RESEARCH TOPICS INCLUDE:

- monetary policy at the zero lower bound,
- the Federal Reserve’s balance sheet risk,
- financial frictions, liquidity, and the macroeconomy,
- forecasting and policy analysis with DSGE models,
- forecasting using large macroeconomic panels,
- changes in the relationship between inflation and unemployment,
- trends and cycles in productivity growth,
- labor market churning, job and worker flows,
- trends in labor force participation and the dynamics of the U.S. labor market,
- unemployment and sectoral reallocation,
- duration dependence, long-term unemployment and firm hiring over the business cycle,
- the role of entrepreneurship and firm heterogeneity in business cycles,
- recent housing price trends and their effects on consumer spending,
- the sources and consequences of household leveraging and deleveraging in the 2000s, and
- the effects of the global saving glut on household debt and house prices.



## 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.

### MACROECONOMIC AND MONETARY STUDIES STAFF

**Sushant Acharya**  
*Ph.D., Maryland, 2013*  
Interests: Macroeconomics; monetary economics; information frictions in macroeconomics and learning.

**Stefania Albanesi**  
*Ph.D., Northwestern, 2001*  
Interests: Macroeconomics; public finance; labor economics.

**Marco Del Negro**  
*Ph.D., Yale, 1998*  
Interests: Macroeconomics; international macroeconomics and finance; DSGE models; factor models.

**Marc Giannoni**  
*Ph.D., Princeton, 2001*  
Interests: Macroeconomics; monetary economics; time series econometrics.

**Jonathan McCarthy**  
*Ph.D., Wisconsin, 1992*  
Interests: Macroeconomics; inventories; investment; housing; consumption.

**Richard Peach**  
*Ph.D., Maryland, 1983*  
Interests: Housing and real estate finance; federal fiscal policy.

**Laura Pilossoph**  
*Ph.D., Chicago, 2013*  
Interests: Macroeconomics; applied macroeconomics; labor economics.

**Benjamin Pugsley**  
*Ph.D., Chicago, 2012*  
Interests: Macroeconomics; firm dynamics; entrepreneurship.

**Robert Rich**  
*Ph.D., Brown, 1988*  
Interests: Macroeconomics; time series econometrics.

**Ayşegül Şahin**  
*Ph.D., University of Rochester, 2002*  
Interests: Macroeconomics; labor economics.

**Argia Sbordone**  
*Ph.D., Chicago, 1993*  
Interests: Macroeconomics; monetary economics; inflation dynamics.

**Andrea Tambalotti**  
*Ph.D., Princeton, 2004*  
Interests: Macroeconomics; monetary economics.



## RECENT PUBLICATIONS AND PAPERS

**Sushant Acharya.** “Dispersed Beliefs and Aggregate Demand Management.” Unpublished paper, University of Maryland, May 2013.

**Stefania Albanesi.** “Intertemporal Distortions in the Second Best,” with Roc Armenter. *Review of Economic Studies* 79, no. 4 (2012).

“Maternal Health and the Baby Boom,” with Claudia Olivetti. *Quantitative Economics*, forthcoming.

**Marco Del Negro.** “Monetary Policy Analysis with Potentially Misspecified Models,” with Frank Schorfheide. *American Economic Review* 99, no. 4 (2009).

“Tax Buyouts,” with Fabrizio Perri and Fabiano Schivardi. *Journal of Monetary Economics* 57, no. 5 (2010). Carnegie-Rochester Conference Series on Public Policy.



**Marc Giannoni.** “Some Unpleasant General Equilibrium Implications of Executive Incentive Compensation Contracts,” with John Donaldson and Natalia Gershun. *Journal of Economic Theory* 148, no. 1 (2013).

“Sticky Prices and Monetary Policy: Evidence from Disaggregated U.S. Data,” with Jean Boivin and Ilian Mihov. *American Economic Review* 99, no. 1 (2009).

**Jonathan McCarthy.** “Has the Response of Investment to Financial Market Signals Changed?” In Per Gunnar Berglund and Leanne J. Ussher, eds., *Recent Developments in Macroeconomics*. Eastern Economic Association conference volume, forthcoming.

**Richard Peach.** “How Does Slack Influence Inflation?” with Robert Rich and Anna Cororaton. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 17, no. 3 (2011).

**Laura Pilossoph.** “A Multisector Equilibrium Search Model of Labor Reallocation.” Unpublished paper, University of Chicago, May 2013.



**Benjamin Pugsley.** “Are Household Surveys Like Tax Forms: Evidence from Income Underreporting of the Self-Employed,” with Erik Hurst and Geng Li. *Review of Economics and Statistics*, forthcoming.

**Robert Rich.** “Early Contract Renegotiation: An Analysis of U.S. Labor Contracts from 1970-1995,” with Joseph Tracy. *Journal of Labor Economics* 31, no. 4 (2013).

**Ayşegül Şahin.** “The Decline of the U.S. Labor Share,” with Michael Elsby and Bart Hobijn. *Brookings Papers on Economic Activity*, forthcoming.

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

**Andrea Tambalotti.** “Is There a Trade-Off between Inflation and Output Stabilization?” with Alejandro Justiniano and Giorgio Primiceri. *American Economic Journal: Macroeconomics* 5, no. 2 (2013).





## RECENT RESEARCH TOPICS INCLUDE:

- analysis of household balance sheets and consumer credit,
- factors underlying mortgage defaults and foreclosures,
- student loans,
- survey measurement of household inflation expectations,
- subjective expectations formation, updating, and links to economic behavior,
- skill and locational mismatch in the labor market,
- vacancy posting behavior of firms,
- understanding trends in geographical mobility and its links with the labor market,
- analysis of macroeconomic and labor market impacts of health policy, including the Affordable Care Act,
- empirical analysis of models with multiple equilibria,
- subjective beliefs and college major choice,
- the spatial distribution of economic activity,
- design and comparison of belief-elicitation techniques,
- issues affecting the Federal Reserve's Term Auction Facility,
- spatial and temporal variation in vacant-land prices,
- selection and income distribution dynamics, and
- simulated maximum-likelihood estimation for discrete choice models.

## MICROECONOMIC STUDIES

The Microeconomic Studies Function engages in rigorous analysis of microeconomic issues of interest to the New York Fed in support of the Bank's primary missions in monetary policy and regulation of the financial system. In addition, staff conduct long-term research in applied microeconomics, labor economics, public finance, consumer finance, housing, and urban and health economics.

### MICROECONOMIC STUDIES STAFF

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

**Meta Brown**  
Ph.D., NYU, 2001  
Interests: Labor economics; public finance; consumption and saving; household finance.

**Stefano Eusepi**  
Ph.D., University of Warwick, 2004  
Interests: Macroeconomics; monetary economics; nonlinear dynamics.

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

**Fatih Karahan**  
Ph.D., Pennsylvania, 2012  
Interests: Business cycles; consumption and savings; housing; labor economics.

**Donghoon Lee**  
Ph.D., Pennsylvania, 2001  
Interests: Housing economics; household finance; labor economics.

**Maxim Pinkovskiy**  
Ph.D., MIT, 2013  
Interests: Public economics; health economics, applied microeconomics; economic growth and development; econometrics.

**Giorgio Topa**  
Ph.D., Chicago, 1996  
Interests: Labor and urban economics; social interactions and local spillovers; spatial econometrics.

**Joseph Tracy**  
Executive Vice President and Senior Advisor to the Bank President  
Ph.D., Chicago, 1984  
Interests: Housing and real estate finance; urban economics; unions and collective bargaining.

**Wilbert van der Klaauw**  
Ph.D., Brown, 1992  
Interests: Labor economics; public policy; household finance; applied econometrics.

**Basit Zafar**  
Ph.D., Northwestern University, 2008  
Interests: Labor economics; economics of education; experimental economics.

## RECENT PUBLICATIONS AND PAPERS

**Olivier Armantier.** "Subjective Probabilities in Games: An Application to the Overbidding Puzzle," with Nicolas Treich. *International Economic Review* 50, no. 4 (2009).

**Meta Brown.** "A New Test of Borrowing Constraints for Education," with John Karl Scholz and Ananth Seshadri. *Review of Economic Studies* 79, no. 2 (2012).

"Real-Time Search in the Laboratory and the Market," with Christopher Flinn and Andrew Schotter. *American Economic Review* 101, no. 2 (2011).

**Stefano Eusepi.** "Central Bank Communication and Expectations Stabilization," with Bruce Preston. *American Economic Journal: Macroeconomics* 2, no. 3 (2010).

"Expectations, Learning, and Business Cycle Fluctuations," with Bruce Preston. *American Economic Review* 101, no. 6 (2011).

**Andrew Haughwout.** "The Homeownership Gap," with Richard Peach and Joseph Tracy. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 16, no. 5 (2010).

**Fatih Karahan.** "On the Persistence of Income Shocks over the Life-Cycle: Evidence, Theory, and Implications," with Serdar Ozkan. *Review of Economic Dynamics* 16, no. 3 (2013).

**Donghoon Lee.** "A New Look at Second Liens," with Christopher Mayer and Joseph Tracy. In Edward Glaeser and Todd Sinai, eds., *Housing and the Financial Crisis*. Cambridge, Mass.: National Bureau of Economic Research.

**Maxim Pinkovskiy.** "World Welfare Is Rising: Estimation Using Nonparametric Bounds on Welfare Measures." *Journal of Public Economics* 97, no. 1 (2013).

**Giorgio Topa.** "Measuring Consumer Uncertainty about Future Inflation," with Wändi Bruine de Bruin, Charles F. Manski, and Wilbert van der Klaauw. *Journal of Applied Econometrics* 26, no. 3 (2011).

**Joseph Tracy.** "Housing Busts and Household Mobility," with Fernando Ferreira and Joseph Gyourko. *Journal of Urban Economics* 68, no. 1 (2010).

**Wilbert van der Klaauw.** "On the Use of Expectations Data in Estimating Structural Dynamic Choice Models." *Journal of Labor Economics* 30, no. 3 (2012).

**Basit Zafar.** "College Major Choice and the Gender Gap." *Journal of Human Resources* 48, no. 3 (2013).





### RECENT PROJECTS INCLUDE:

- analyzing activity in short-term funding markets under normal conditions and during periods of market stress,
- preparing recommendations for international oversight of the setting of standards for financial rates and indexes, including standards for Libor reform,
- evaluating the implementation of monetary policy associated with the payment of interest on bank reserves when very large levels of reserves exist in the banking system, and
- studying short-term funding markets for financial institutions, including the tri-party repo market and the money market mutual funds market.

### 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,
- the implementation of monetary policy,
- bank runs and crises of confidence in financial markets, and
- systemic risk and liquidity in large-value payments systems.

## MONEY AND PAYMENTS STUDIES

Money and Payments Studies analyzes the infrastructure at the heart of the financial system. Important elements of study are the interbank and money markets—such as the federal funds market, the repo market, and other over-the-counter (OTC) markets—as well as payments and settlement systems. Economists focus on the institutional details underlying the organization of the financial system and their role in understanding such issues as funding and market liquidity, financial stability, and the design of micro- and macroprudential policy.

### MONEY AND PAYMENTS STUDIES STAFF

**Marco Cipriani**  
*Ph.D., NYU, 2002*  
 Interests: Financial economics; market microstructure; money and banking; experimental economics.

**Adam Copeland**  
*Ph.D., University of Minnesota, 2002*  
 Interests: Industrial organization; applied microeconomics; financial intermediation.

**Thomas Eisenbach**  
*Ph.D., Princeton, 2011*  
 Interests: Financial economics; microeconomic theory; behavioral economics.

**Kenneth Garbade**  
*Ph.D., Princeton, 1975*  
 Interests: U.S. Treasury securities; risk management; relative value analysis.

**Rodney Garratt**  
*Ph.D., Cornell, 1991*  
 Interests: Game theory; auctions; payments; network theory.

**Antoine Martin**  
*Ph.D., University of Minnesota, 2001*  
 Interests: Financial intermediation; payment economics; money and banking.

**Asani Sarkar**  
*Ph.D., Pennsylvania, 1989*  
 Interests: Central banks’ lender-of-last-resort function; limits of arbitrage; microstructure issues in equity, corporate bond, and Treasury markets; funding liquidity and market liquidity.

**David Skeie**  
*Ph.D., Princeton, 2004*  
 Interests: Financial intermediation; money and banking; interbank markets; theory of financial crises.

### RECENT PUBLICATIONS AND PAPERS

**Marco Cipriani.** “Estimating a Structural Model of Herd Behavior in Financial Markets,” with Antonio Guarino. *American Economic Review*, forthcoming.

“The Minimum Balance at Risk: A Proposal to Mitigate Systemic Risks Posed by Money Market Funds,” with Patrick McCabe, Michael Holscher, and Antoine Martin. *Brookings Papers on Economic Activity*, forthcoming.

**Adam Copeland.** “The Production Impact of ‘Cash-for-Clunkers’: Implications for Stabilization Policy,” with James Kahn. *Economic Inquiry* 51, no. 1 (2013).

“Repo Runs: Evidence from the Tri-Party Repo Market,” with Antoine Martin and Michael Walker. *Journal of Finance*, forthcoming.

**Thomas Eisenbach.** “Fire-Sale Spillovers and Systemic Risk,” with Fernando Duarte. Working paper, 2013.

**Kenneth Garbade.** *Birth of a Market: The U.S. Treasury Securities Market from the Great War to the Great Depression*. Cambridge, Mass.: MIT Press (2012).

**Rodney Garratt.** “Illiquidity in the Interbank Payment System following Wide-Scale Disruptions,” with Morten Bech. *Journal of Money, Credit, and Banking* 44, no. 5 (2012).

**Antoine Martin.** “Repo Runs,” with David Skeie and Ernst-Ludwig von Thadden. *Review of Financial Studies*, forthcoming.

“Repo Runs: Evidence from the Tri-Party Repo Market,” with Adam Copeland and Michael Walker. *Journal of Finance*, forthcoming.

**Asani Sarkar.** “Customer Order Flow, Intermediaries, and Discovery of the Equilibrium Risk-Free Rate,” with Albert Menkveld and Michel van der Wel. *Journal of Financial and Quantitative Analysis* 47, no. 4 (2012).

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

**David Skeie.** “The Fragility of Short-Term Secured Funding Markets,” with Antoine Martin and Ernst-Ludwig von Thadden. *Journal of Economic Theory*, forthcoming.

“Repo Runs,” with Antoine Martin and Ernst-Ludwig von Thadden. *Review of Financial Studies*, forthcoming.





## RECENT RESEARCH TOPICS INCLUDE:

- the microfoundations of urban agglomeration economies,
- human capital and local economic development,
- the competitiveness of Puerto Rico's economy,
- the geography of the housing boom and bust,
- the relationship between home prices and rents in New York City,
- the economic costs of natural disasters,
- the design of educational reforms and their effect on student and school performance,
- higher-education issues, including student loans and financial aid,
- the impact of the financial crisis and stimulus funding on schools, teachers, and students,
- K-12 and higher-education finance, and
- the dynamics of for-profit institutions.

## REGIONAL ANALYSIS

The Regional Analysis Function engages in research on issues of interest to the Second Federal Reserve District in support of the Bank's monetary policy and outreach objectives. The Function also monitors and analyzes economic developments in the region and shares the information obtained with stakeholders in the Bank and the District.

### REGIONAL ANALYSIS STAFF

#### Jaison Abel

*Ph.D., Ohio State, 1999*

Interests: Industrial organization; economics of innovation; public finance; urban and regional economics.

#### Jason Bram

*M.B.A., NYU, 1992*

Interests: Regional economics; survey research; consumer confidence; housing markets; consumer behavior.

#### 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; public finance; household finance.

#### James Orr

*Ph.D., Pennsylvania, 1979*

Interests: Regional economics; housing.

## RECENT PUBLICATIONS AND PAPERS

**Jaison Abel.** "Productivity and the Density of Human Capital," with Ishita Dey and Todd M. Gabe. *Journal of Regional Science* 52, no. 4 (2012).

**Jason Bram.** "To Buy or Not to Buy? The Changing Relationship between Manhattan Rents and Home Prices." Federal Reserve Bank of New York *Current Issues in Economics and Finance* 18, no. 9 (2012).

**Rajashri Chakrabarti.** "Incentives and Responses under No Child Left Behind: Credible Threats and the Role of Competition." *Journal of Public Economics*, forthcoming.

**Richard Deitz.** "Do Colleges and Universities Increase Their Region's Human Capital?" with Jaison Abel. *Journal of Economic Geography* 12, no. 3 (2012).

**James Orr.** "The American Recovery and Reinvestment Act of 2009: A Review of Stimulus Spending in New York and New Jersey," with John Sporn. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 18, no. 6 (2012).





## Federal Reserve Bank of New York Research Series

***Liberty Street Economics***—a blog that enables our economists to engage with the public on important issues quickly and frequently.

**[libertystreeteconomics.newyorkfed.org/](http://libertystreeteconomics.newyorkfed.org/)**

***The Economic Policy Review***—a policy-oriented journal focusing on economic and financial market issues.

***EPR Executive Summaries***—selected *Economic Policy Review* articles, in abridged form.

***Current Issues in Economics and Finance***—concise studies of topical economic and financial issues.

***Second District Highlights***—a regional supplement to *Current Issues*.

***Staff Reports***—technical papers intended for publication in leading economic and finance journals.

***Research Update***—a quarterly newsletter describing our current research.

***Publications and Other Research***—an annual catalogue of our research output.

**[www.newyorkfed.org/research/publication\\_annuals/index.html](http://www.newyorkfed.org/research/publication_annuals/index.html)**

To Learn More about Joining the Research Group:

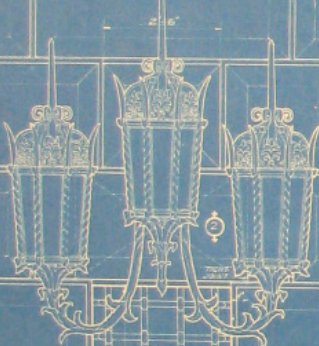
**[RESEARCH.RECRUITING@NY.FRB.ORG](mailto:RESEARCH.RECRUITING@NY.FRB.ORG)**





STONES MARKED FOR TO BE CUT FROM WARE ALONG TO BRIDGE COLOR THEN CUT TO STRUCTURAL JOINT NOT OVER 8" WIDE.

PROJECTION OF RECESSURE TO CORRESPOND WITH THAT OF ADJOINING COURSES HAVING SIMILAR LETTERS.



OPENING NO. 1-29



CENTER LINE RADIATE SIDES OF CHANNELS AREA LINED TO CENTER LINES

OPENING NO. 1-29

By conviction and action, the Federal Reserve Bank of New York is an equal opportunity employer.

For more information on the Research Group:  
[www.newyorkfed.org/research](http://www.newyorkfed.org/research)

DETAIL OF MAIN ENTRANCE ON LIBERTY STREET