

**PAOLO VARRASO**

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**NEW YORK UNIVERSITY**

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**Education**

PhD In Economics, New York University, 2017-2024 (expected)  
Thesis Title: *Essays on Macroeconomics and Financial Frictions*  
MSc in Economics, Bocconi University, 2014-2016  
MRes in Economics, Université Catholique de Louvain, 2014-2016  
BSc in Economics and Finance, Bocconi University, 2011-2014

**References**

Professor Diego J. Perez  
19 West Fourth St., 6<sup>th</sup> Floor  
New York, NY 10012-1119  
212-998-8951 (office)  
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Professor Mark Gertler  
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Professor Pablo Ottonello  
Tydings Hall, 3114 Preinkert Dr  
College Park, MD 20742  
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**Teaching and Research Fields**

Macroeconomics, Macro-Finance, International Economics

**Teaching Experience**

Spring, 2023 Macroeconomic Analysis, NYU, Graduate Assistant for  
Professor Alessandra Peter  
Summer, 2020 Introduction to Macroeconomics, NYU, Instructor  
Fall, 2018 Intermediate Macroeconomics, NYU, Graduate Assistant for  
Professor Jess Benhabib

**Research Experience and Other Employment**

2023	Federal Reserve Board, Dissertation Fellow
2019 - 2023	New York University, Research Assistant for Professor Diego Perez
2017	European Central Bank, DG Macprudential Policy and Financial Stability, Trainee
2016 - 2017	Bocconi University, Research Assistant for Professor Marco Ottaviani
2015	Bocconi University, Research Assistant for Professor Nicola Gennaioli
2014	European Commission, DG for Economics and Financial Affairs, Trainee

### **Other Professional Activities**

Referee: *Journal of Monetary Economics*, *Journal of Economic Dynamics and Control*

### **Seminar and Conference Presentations**

2023	Stern Macro Lunch Seminar, NYU International Finance Workshop, Federal Reserve Board Student Macro Lunch Seminar, NYU
2022	2022 Annual Meeting for the Society for Economic Dynamics, University of Wisconsin-Madison Student Macro Lunch Seminar, NYU
2021	Student Macro Lunch Seminar, NYU
2020	Third-Year Paper Conference, NYU

### **Honors, Scholarships, and Fellowships**

2023	Dissertation Fellowship, Federal Reserve Board
2022	NYU GSAS Dean's Student Travel Grant
2022 - 2023	NYU Department of Economics Dissertation Fellowship
2017-2022	NYU MacCracken Fellowship
2014-2016	Bocconi Graduate Merit Award

### **Publications**

Ottonello, Pablo, Perez, Diego J., and Varraso, Paolo (2022), "Are Collateral-Constraint Models Ready for Macprudential Policy Design?" *Journal of International Economics*, 139, 103650.

Cappelletti, Giuseppe, Marques, Áurea Ponte and Varraso, Paolo (2024), "Impact of higher capital buffers on banks' lending and risk-taking in the short- and medium-term: evidence from the euro area experiments." accepted at the *Journal of Financial Stability*

### **Research Papers**

*Banks and the Macroeconomic Transmission of Interest-Rate Risk* ([Job Market Paper](#))

I study the role of financial intermediaries in the transmission of interest-rate risk. I develop a quantitative model where banks can invest in assets of different durations and choose optimally their exposure to interest-rate fluctuations. I embed this portfolio problem in a heterogeneous-banks framework with financial frictions and endogenous default. The model predicts that in periods of

loose monetary policy banks face weaker financial constraints. As a result, they become more tolerant of interest-rate risk and invest more extensively in long-duration assets. However, when the economy undergoes a sudden monetary tightening, this portfolio shift amplifies contractions in asset prices, credit, and output. I validate the model by showing that it can reproduce aggregate and cross-sectional patterns related to banks' maturity mismatches, the level of the interest rate and leverage. A quantitative application to the 2022 monetary tightening shows that a lengthening of duration in periods of low interest rates gives rise to significant financial amplification. A liquidity requirement that restricts banks' investment in long-term assets makes the economy less vulnerable to sudden interest-rate raises.

### *Optimal Fiscal Policy in Collateral-Constraint Models*

I study optimal government spending in a canonical, small-open-economy model where a collateral constraint gives rise to overborrowing. I show quantitatively that excess procyclicality - a pervasive feature of emerging markets - makes the economy more vulnerable to sudden stops. In normal times, pro-cyclical spending encourages borrowing and magnifies the inefficiency; during a sudden stop, it depresses collateral values and exacerbates deleveraging pressures on households. I characterize the optimal time-consistent policy and show that it would significantly reduce both the likelihood and severity of a sudden stop.

### **Other Information**

Programming: Julia, R, Stata, Matlab

Languages: English (fluent), Italian (native), French (intermediate)

Citizenship: Italy