

Econ 236 B: Aggregate Economics (First Part)

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Spring 2017

Lectures: Wednesdays 3:30-5:30, Evans 597

Office Hours: By email , F 614 Haas

This course investigates the importance of household finance and financial intermediaries in the macroeconomy from a theoretical and empirical point of view.

1 Household Balancesheet and Consumption (1/18)

1.1 Households Balancesheet : Fascinating Facts

- Campbell, J. Y. (2006). Household finance. *The Journal of Finance*, 61(4), 1553-1604.
- Saez, E., & Zucman, G. (2016). Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data. *The Quarterly Journal of Economics*, 131(2), 519-578.
- Atkinson, A. B., Piketty, T., & Saez, E. (2011). Top incomes in the long run of history, *Journal of Economic Literature*, 49(1), 2011, 3-71.

1.2 Liquidity Constraint and Consumption

- Aiyagari, S. R. (1994). Uninsured idiosyncratic risk and aggregate saving. *The Quarterly Journal of Economics*, 109(3), 659-684.
- Kaplan, G., & Violante, G. L. (2014). A Model of the Consumption Response to Fiscal Stimulus Payments. *Forthcoming Econometrica*
- Guvenen, F., & Smith, A. (2008). Inferring Labor Income Risk From Economic Choices: An Indirect Inference Approach. *Forthcoming Econometrica*

2 Households, Financial Friction and Monetary Policy (1/25)

- McKay, A., Nakamura, E., & Steinsson, J. (2016) The Power of Forward Guidance Revisited. *American Economic Review*, 106(10): 3133-58.
- Kaplan, G., Moll, B., & Violante, G. L. (2016). Monetary policy according to HANK (No. w21897). National Bureau of Economic Research.
- Auclert, A. (2015). Monetary policy and the redistribution channel.
- Di Maggio, M., Kermani, A., & Ramcharan, R. (2014). Monetary Policy Pass-Through: Household Consumption and Voluntary Deleveraging.
- Keys, B. J., Piskorski, T., Seru, A., & Yao, V. (2014). Mortgage Rates, Household Balance Sheets, and the Real Economy (No. w20561). National Bureau of Economic Research.

3 Opening the Blackbox of Monetary Policy (2/1)

3.1 Conventional Monetary Policy

- Bernanke, B. S., & Gertler, M. (1995). Inside the Black Box: The Credit Channel of Monetary Policy. *The Journal of Economic Perspectives*, 9(4), 27-48.
- Bernanke, B. S., & Kuttner, K. N. (2005). What explains the stock market's reaction to Federal Reserve policy?. *The Journal of finance*, 60(3), 1221-1257.
- Gürkaynak, R. S., Sack, B., & Swanson, E. T. (2005). Do Actions Speak Louder Than Words? The Response of Asset Prices to Monetary Policy Actions and Statements. *International Journal of Central Banking*.
- Nakamura, E., & Steinsson, J. (2016). High Frequency Identification of Monetary Non-Neutrality: The Information Effect.

3.2 Unconventional Monetary Policy

- Krishnamurthy, A., & Vissing-Jorgensen, A. Fall 2011. The effects of quantitative easing on interest rates: Channels and implications for policy. *Brookings Papers on Economic Activity*, 215-265.
- Di Maggio, M., Kermani, A. & Palmer, C. (2015), How Quantitative Easing Works: Evidence on the Refinancing Channel (No. w22638). National Bureau of Economic Research.
- Acharya, V. V., Eisert, T., Eufinger, C., & Hirsch, C. W. (2016). Whatever it takes: The real effects of unconventional monetary policy. Available at SSRN 2740338.
- Heider, F., Saidi, F., & Schepens, G. (2016). Life Below Zero: Negative Policy Rates and Bank Risk Taking. Available at SSRN.
- Chakraborty, I., Goldstein, I., & MacKinlay, A. (2016). Monetary Stimulus and Bank Lending. Available at SSRN.
- Rodnyansky, A., & Darmouni, O. (2014). The Effects of Quantitative Easing on Bank Lending Behavior. Available at SSRN 2669009.

4 Intermediary Asset Pricing and Financial Crisis (2/8)

- He, Z., & Krishnamurthy, A. (2013). Intermediary asset pricing. *The American Economic Review*, 103(2), 732-770.
- Greenwood, R., & Hanson, S. G. (2013). Issuer quality and corporate bond returns. *Review of Financial Studies*, 26(6), 1483-1525.
- Adrian, T., Etula, E., & Muir, T. (2014). Financial Intermediaries and the Cross-Section of Asset Returns. *The Journal of Finance*, 69(6), 2557-2596.
- Adrian, T., & Shin, H. S. (2014). Procyclical leverage and value-at-risk. *Review of Financial Studies*, 27(2), 373-403.
- Muir, T. (2015). Financial crises and risk premia, Forthcoming QJE
- Krishnamurthy, A., Muir, T., & Yale, S. (2015). Credit spreads and the severity of financial crises. Unpublished Manuscript.
- Baron, M., & Xiong, W. (2014). Credit expansion and neglected crash risk, Forthcoming QJE.
- Jordà, Ò., Schularick, M., & Taylor, A. M. (2016). The great mortgaging: housing finance, crises and business cycles. *Economic Policy*, 31(85), 107-152

5 Secular Stagnation (TBD)

- Toward the end of the semester, Benjamin and I will have two classes on this topic. More information will be posted.