MICHELE MARCALETTI

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EDUCATION

Ph.D., Economics, Boston University, Boston MA, May 2024 (expected)
Dissertation Title: *Essays on monetary economics*
Dissertation Committee: Adam Guren, Robert King, and Stephen Terry

M.Sc., Economics and Social Sciences, Bocconi University, Milan, Italy, 2016

B.Sc., Economics and Social Sciences, Bocconi University, Milan, Italy, 2013

FIELDS OF INTEREST

Macroeconomics, Monetary Economics

WORKING PAPERS

"The pass-through of central bank lending to banks and ECB's TLTROs," August 2023. Job Market paper.

WORK IN PROGRESS

"Reconciling employment and wage cyclicality for high and low-skilled workers: the role of labor market frictions"

PRESENTATIONS

BU Macro Dissertation Workshop, Boston, MA, 2020, 2022, 2023

FELLOWSHIPS AND AWARDS

Outstanding Graduate Teaching Fellow Award, Boston University, 2023
Teaching Fellowship, Boston University, 2020-2023
Doctoral Research Assistantship, Boston University, 2019

TEACHING EXPERIENCE

Teaching Assistant, 1st year Ph.D. Macroeconomics, Department of Economics, Boston University, Spring 2020-2023

Teaching Assistant, M.A. Macroeconomics, Department of Economics, Boston University, Fall 2021-2023

WORK EXPERIENCE

ACADEMIC

Research Assistant for Adam Guren, Boston University, Boston, Fall 2019

INTERNATIONAL ORGANIZATIONS

Research Analyst in DG Monetary Policy, European Central Bank, Frankfurt am Main, Germany, 2020-2021

Research Analyst in DG Economics (ECB-BASE model team), European Central Bank, Frankfurt am Main, Germany, 2017-2018

Trainee in DG Economics (ECB-BASE model team), European Central Bank, Frankfurt am Main, Germany, 2016-2017

Intern in DG ECFIN, European Commission, Brussels, Belgium, 2015

LANGUAGES

English (Fluent), Italian (Native), Spanish (Basic)

COMPUTER SKILLS: Stata, Matlab, Dynare, EViews, R, FAME, LaTeX

CITIZENSHIP/VISA STATUS: Italy/F1

REFERENCES

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MICHELE MARCALETTI

The pass-through of central bank lending to banks and ECB's TLTROs (Job Market Paper)

This paper models the tradeoffs and relative efficiency of direct central bank lending to banks and quantitatively analyzes the most significant such policy, the ECB's TLTRO program. I construct a banking model with bank market power in deposits and lending in which banks borrow funds with TLTROs and choose to adjust deposits, liquid asset holdings, and loans. The pass-through of the policy to bank lending is increasing in the degree of competition in loan markets and decreasing in the degree of competition in deposit markets and the marginal value of liquid assets to banks. Intuitively, these factors affect the elasticity of loan supply and demand and the degree of pass-through is similar to tax incidence where higher elasticities translate into larger shifts in quantities. In a partial equilibrium calibration, banks allocate 27% of TLTRO funds to loans, 32% to liquid assets, and 41% to substitute for deposits, which is consistent with empirical evidence. TLTROs are more effective when banks hold few liquid assets, and TLTRO is three times stronger than QE at increasing loan supply. A DSGE extension implies that an increase in TLTROs of 10% of outstanding loans triggers a 3.2% expansion in loans, and increases GDP by 3.4% and inflation by 2%.

Reconciling employment and wage cyclicality for high and low-skilled workers: the role of labor market frictions

There are two empirical facts that at first sight seem at odd with each other: low-skilled workers tend to have both more cyclical employment and more cyclical earnings compared to high-skilled workers. Having a mechanism that is able to make these facts consistent is important to make models with heterogeneous workers more in line with the data. In this paper, I show that a model with wage stickiness, differential labor market frictions and two sectors employing separately high and low-skilled workers can make the two facts consistent. Firms face two cost components when they adjust employment: the wage paid to new employees and hiring costs. Although wages are more flexible in the low-skill sector, the hiring cost is more volatile in the high-skill sector. This makes total costs more volatile for high-skilled workers, leading to a lower cyclicality in their employment while preserving also a lower cyclicality in their wages. The result is driven by different matching function elasticities (or equivalently bargaining powers) and Frisch elasticities for high and low-skilled workers.

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