

MICHELE MARCALETTI

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EDUCATION

Ph.D., Economics, Boston University, Boston MA, May 2024 (expected)
Dissertation Title: *Essays in 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 Direct Central Bank Lending to Banks: Evidence from the ECB](#),”
September 2023. Job Market paper.

WORK IN PROGRESS

“The Heterogeneous Impact of Conventional and Unconventional Monetary Policy on Bank Lending”

“Reconciling Employment and Wage Cyclicalities for High and Low-Skilled Workers: The Role of Labor Market Frictions”

PRESENTATIONS

BU Macro Dissertation Workshop, Boston, MA, 2020, 2022, 2023
BU-BC Green Line Macro Meeting, Boston, MA, 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 Direct Central Bank Lending to Banks: Evidence from the ECB (Job Market Paper)

This paper provides an equilibrium model of the pass-through of direct central bank lending to banks (CBL) into loans and quantitatively analyzes the most significant such policy, the ECB's Targeted Long Term Refinancing Operations (TLTRO). The banking sector features bank market power in deposits and lending, and banks borrow funds from the central bank and choose to adjust deposits, liquid asset holdings, and loans. I embed this into a New Keynesian model in which aggregate loan demand and deposit supply are endogenous. I calibrate the model to match the cross-sectional empirical literature on TLTRO, allowing me to translate these micro estimates into an aggregate impact of CBL. I find a 32% pass-through of CBL into bank lending; correspondingly, an increase in central bank lending of 10% of outstanding loans provides stimulus equivalent to a 54 basis point cut to the policy rate. The model also implies that CBL will be more effective when banks hold few liquid assets and lending markets are more competitive.

The Heterogeneous Impact of Conventional and Unconventional Monetary Policy on Bank Lending

This paper studies how conventional and unconventional monetary policies differentially affect lending by banks in the United States. Using bank-level data and high-frequency instruments for standard monetary shocks and quantitative easing, I find that the two policies predominantly affect different types of banks as measured by their balance sheets. Interest rate shocks have a stronger impact on loans for banks that are illiquid, bigger, less capitalized, and less reliant on deposit funding. The opposite is true for quantitative easing shocks, where loans decline more in banks that are liquid, smaller, more capitalized, and more reliant on deposit funding. The amount of heterogeneity is large, with the more affected banks having a two to three times larger response of lending after three years.

Reconciling Employment and Wage Cyclicity for High and Low-Skilled Workers: The Role of Labor Market Frictions

Low-skilled workers tend to display both more cyclical employment and more cyclical earnings compared to high-skilled workers. In this paper, I develop a model with wage stickiness, differential labor market frictions, and two sectors employing separately high and low-skilled workers. 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. The implication is that total costs are more volatile for high-skilled workers, thus leading to a lower cyclicity in their employment while also preserving a lower cyclicity 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.