CURRICULUM VITAE (November 2014)
Carlo A. Favero
Born in Milan (Italy), 1962
Married to Eva Bocchiola, 2 daughters and one son

EDUCATION

- Università Commerciale “Luigi Bocconi” di Milano (Italy), 1985, five years degree in "Discipline Economiche Sociali".
- "P.Ricci" Award for the best thesis in Economic Policy of the academic year 1984-85
- London School of Econimics, 1987, M.Sc. in Economics
- Oxford University, St.Antony’s College, D.Phil. in Economics, 1989 Thesis Title : "Testing the Lucas critique of Econometric Policy Evaluation." "Foreign Commonwealth Office" Award 1989

EMPLOYMENT

- Lecturer in Economics, Queen Mary College, University of London 1989-1992
  - Research Associate of the Department of Applied Economics, University of Cambridge (1990-92)
  - Associate Professor of Econometrics, University of Ancona (1992-93)
  - Associate Professor of Economics, Bocconi University of Milan (1993-1999)
  - Professor of Economics, Bocconi University of Milan (2000-2010)
- Deutsche Bank Chair in Asset Pricing and Quantitative Finance, dept of Finance Bocconi University (2010-present)
  - Director of the Innocenzo Gasparini Institute for Economic Research (2000-2004, 2008-2010)
  - President of the Innocenzo Gasparini Institute for Economic Research (2011-present)
  - Director of the PhD Programme in Finance at Bocconi University (2008-2010)
  - Fellow of the Centre for Economic Policy Research, programme in International Macroeconomics
- Member of the Scientific Committee Euro Area Business Cycle Network (2006-2010)
- Head of the Department of Finance, Bocconi University (2013-present)

RESEARCH INTERESTS

Throughout my career, my research has spanned a large set of issues, but it has focused on a common underlying theme: the application of econometric time-series methods to the analysis of questions relevant for economic policy making.

At the methodological level I have constantly worked on the interaction between theory and data for the identification, specification and estimation of the econometric model relevant for policy analysis and forecasting. My first academic work has been on testing the Lucas Critique .Since then my main contributions have focused on VAR models, their identification, their validation and their interpretation of reduced form specification of structural models. In particular, I have worked on cointegrated VAR and stationary specifications for data originally non-stationary as the empirical framework for long-run projections. I have also made contribution on the use of VAR models to propose counterfactual evaluation of policy regimes, and to analyse interdependence and contagion across different financial markets. I have proposed a systematic view of my approach to macroeconometrics in a monograph and in a chapter of the Palgrave Handbook of Econometrics My research programme on VAR has recently developed into using this framework to generate specifications that integrate information from different types of variables such as macroeconomic and financial variables for the analysis of the interaction between policies, in particular fiscal policies, and asset prices or financial and demographic variables for analyzing long-run risk and returns in financial markets. I plan to conduct my future research in this area by adopting an interdisciplinary approach between Macro, Finance and Demographics.

ACADEMIC ACTIVITIES

- Associate Editor of the European Economic Review (1999-2002)
- member of the Economic Policy Panel (2004-2006)
- Refereeing:

American Economic Review, Review of Economic Studies, Quarterly Journal of Economics, Journal of Monetary Economics, Journal of International Economics, Economic Journal, Econometric Reviews, European Economic Review, Journal of the European Economic Association Oxford Economic Papers, Journal of Applied Econometrics, Journal of Business Economics and Statistics, Review of Economics and Statistics Journal of Money, Credit and Banking, Journal of Monetary Economics , Oxford Bullettin of Economics and Statistics, Journal of Banking and Finance, Journal of Environmental Economics and Management, Review of Finance

NON-ACADEMIC ACTIVITIES

- European Central Bank, consultant
- World Bank, consultant
- member of the Scientific Committee for the research grants of the Foundation Banque de France (2011-present)
- Independent Advisor on the Investment Committee SACE (2012-present)

PUBLICATIONS

REFEREED INTERNATIONAL JOURNALS:

ALESINA A., FAVERO C.A. and F.GIAVAZZI (forthcoming) **The Output Effect of Fiscal Stabilization Plans** Journal of International Economics

FAVERO C.A. and E.BISETTI(forthcoming) **The Impact of Longevity Risk On Pensions Systems. The Case of Italy**, North American Actuarial Journal

FAVERO C.A.(2013) **Modelling and forecasting government bond spreads in the euro area: a GVAR model,** Journal of Econometrics, vol. 177, issue 2, pages 343-356

DE SANTIS R., FAVERO C.A. and B. ROFFIA (2013) **Euro Area Money Demand and International Portfolio Allocation** (2013) Journal of International Money and Finance 32, 377-404

FAVERO C.A., A.MISSALE (2012) **Sovereign spreads in the Euro Area: Which Prospects for a Eurobond?** Economic Policy, 70, 231-273, Blackwell

FAVERO C.A., J. LI and F.ORTU (2012) **A Spectral Estimation of Tempered Stochastic Volatility Models and Option Pricing,** Computational Statistics and Data Analysis, Vol 56, Issue 11, Pages 3645–3658

FAVERO C.A. and F.GIAVAZZI (2012) **Reconciling VAR based and Narrative Measures of the Tax Multiplier**, American Economic Journal: Economic Policy 4(2): 1–28, http://dx.doi.org/10.1257/pol.4.2.1

FAVERO C.A., N.LIU and L.SALA (2012) **Term Structure Forecasting: No-Arbitrage Restrictions vs. Large Information Set,** JOURNAL OF FORECASTING vol. 31(2), pages 124-156, J.Wiley and Sons

FAVERO C.A., A.GOZLUKLU and A.TAMONI (2011) **Demographic Trends, the Dividend/Price Ratio and the Predictability of Long-Run Stock Market Returns**, JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS, Vol. 46, No. 5, Oct. 2011, pp. 1493–1520

FAVERO C.A., GIAVAZZI F. and J.PEREGO (2011) **Country Heterogeneity and the International Evidence on the Effects of Fiscal Policy** (2011) IMF Economic Review, 59,4, 652-682

FAVERO C.A., M.PAGANO and E.L. VON THADDEN (2010) *How Does Liquidity affect Bond Yields*?**, JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS, / Volume 45 / Issue 01 / February 2010, pp 107-134**

CONSOLO A., FAVERO C.A. (2009), **Monetary Policy Inertia, More a fiction than a Fact ?,** JOURNAL OF MONETARY ECONOMICS, 56, 900-906

CONSOLO A., FAVERO C.A., A. PACCAGNINI (2009). **The Statistical Identification of DSGE Models.** JOURNAL OF ECONOMETRICS pp.99- 115

FAVERO C.A., F.GIAVAZZI (2008). **Should the euro area be run as a closed economy ?** THE AMERICAN ECONOMIC REVIEW, Papers and Proceedings, pp.1- 8 Vol.98,

CARRIERO A; C. FAVERO; I.KAMINSKA (2006). **Financial Factors, Macroeconomic Information and the Expectations Theory of the Term Strucutre of Interest Rates.** JOURNAL OF ECONOMETRICS, pp.339- 358 Vol.127,

C. FAVERO (2006). **Taylor Rules and the Term Structure.** JOURNAL OF MONETARY ECONOMICS, pp.1377- 1393 Vol.53,

AIOLFI M., C.A. FAVERO (2005) **Model Uncertainty, Thick Modelling and the Predictability of Stock Returns,** JOURNAL OF FORECASTING

BONFIGLIOLI A.; C. FAVERO (2005). **Explaining Co-movements Between Stock Markets: the case of US and Germany.** JOURNAL OF INTERNATIONAL MONEY AND FINANCE, pp.1299- 1316 Vol.78,

FAVERO C., MARCELLINO M.2005).**Modelling and Forecasting Fiscal Variables for the Euro Area.** OXFORD BULLETIN OF ECONOMICS AND STATISTICS, pp.755- 783 Vol.67,

C. FAVERO; MILANI F (2005). **Parameter Instability, Model Uncertainty and the Choice of Monetary Policy.** TOPICS IN MACROECONOMICS, Vol.5,

FAVERO C. ; MARCELLINO M., NEGLIA F. (2005). **Principal components at work: the empirical analysis of monetary policy with large datasets.** JOURNAL OF APPLIED ECONOMETRICS, pp.603- 620 Vol.20,

C. FAVERO; GIAVAZZI F. (2003). **Is the International propagation of financial shocks non-linear?: Evidence from the ERM Crisis.** JOURNAL OF INTERNATIONAL ECONOMICS, pp.231- 247 Vol.57,

C. FAVERO; ROVELLI R (2003). **Macroeconomic stability and the preferences of the Fed. A formal analysis, 1961-98.** JOURNAL OF MONEY, CREDIT, AND BANKING, pp.545- 557 Vol.35,

CODOGNO L.; C. FAVERO; A.MISSALE (2003). **Yield Spreads on EMU government Bonds.** ECONOMIC POLICY, pp.503- 533 Vol.37,

C. FAVERO; MOSCA F. (2001). **Uncertainty on monetary policy and the expectations model of the term structure of interes rates.** ECONOMICS LETTERS, pp.369- 375 Vol.71,

C. FAVERO; IACONE F; GIAVAZZI F.; TABELLINI G. (2000). **Extracting information from asset prices:the methodology of EMU calculators.** EUROPEAN ECONOMIC REVIEW, pp.1607- 1632 Vol.44

C. FAVERO; SPINELLI F (1999). **Deficits, money growth and inflation in Italy:1875-1994.** ECONOMIC NOTES, pp.43- 71 Vol.28,

C. FAVERO (1999). **Financial markets' assessments of EMU.** CARNEGIE-ROCHESTER CONFERENCE SERIES ON PUBLIC POLICY, pp.271- 280 Vol.51,

BAGLIANO F.-C.; C. FAVERO (1999). **Information from financial markets and VAR measures of monetary policy.** EUROPEAN ECONOMIC REVIEW, pp.825- 837 Vol.43,

BAGLIANO F.-C.; C. FAVERO (1998). **Measuring monetary Policy with VAR models: an evaluation.** EUROPEAN ECONOMIC REVIEW, pp.1069- 1112 Vol.42,

DORNBUSCH R.; C. FAVERO; GIAVAZZI F. (1998). **The Immediate challenges for the European Central Bank.** ECONOMIC POLICY, pp.17- 64 Vol.26,

C. FAVERO; GIAVAZZI F.; SPAVENTA L. (1997). **High Yields: The spread on German Interest Rates.** ECONOMIC JOURNAL, pp.956- 986 Vol.107,

C. FAVERO; PAPI L. (1995). **Technical Efficiency and Scale Efficiency in the Italian Banking Sector. A non-parametric approach.** APPLIED ECONOMICS,

C. FAVERO; PESARAN M.H.; SHARMA S. (1994). **A Duration Model of Irreversible Oil Investment: Theory and Empirical Evidence.** JOURNAL OF APPLIED ECONOMETRICS, pp.S95- S113 Vol.9,

C. FAVERO; PESARAN M.H. (1994). **Oil Investment in the North Sea.** ECONOMIC MODELLING, pp.308- 329 Vol.11(3),

C. FAVERO (1992). **Taxation and Optimization of Oil Exploration and Production: The U.K. Continental Shelf.** OXFORD ECONOMIC PAPERS, pp.187- 208 Vol.44,

C. FAVERO; HENDRY D.F. (1992). **Testing the Lucas Critique. A Review.** ECONOMETRIC REVIEWS, pp.265- 306 Vol.2,

BOOKS

C.A: FAVERO (2010) **The Econometrics of Monetary Policy. An overview in** T.C. Mills and K. Patterson Palgrave Handbook of Econometrics: Volume 2 Applied Econometrics

"Monetary Policy, Fiscal Policies and Labour Markets : Macroeconomic Policy Making in the EMU" with R. Beetsma, A. Missale, A. Muscatelli, P. Natale and P. Tirelli, forthcoming Cambridge University Press (2003)

"Applied Macroeconometrics ", Oxford University Press, (2001)

POLICY REPORTS

"EU Public Debt Management and Eurobonds" (2010) (with A.Missale) a study for the European Parliament

"Study on the Decomposition of Observed Spreads in the Euro area Government Bond Markets"(2002) A study for the European Commission (with L. Codogno and A. Missale).

"EMU and Public Debt Management: One Money, One Debt" , CEPR Policy Paper no.3., 2000, with A. Missale and G. Piga

"Monitoring the European Central Bank 2. One Money, Many Countries", CEPR, 2000, (with T. Persson, X. Vives and C.Wyplosz)

"Financial Market Structures and Monetary Transmission in the EMU", report for the European Commission, Directorate General for Economic and Financial Affairs (DG2), (with F. Giavazzi), 1999

"Monetary Policy in Stage III: Implications of different Debt Structures Across Member States" report for the European Commission, Directorate General for Economic and Financial Affairs (DG2), (with A. Missale, G. Piga and H. Uhlig), 1999

"An evaluation of monetary transmission in the context of the European Central Bank" (with F. Giavazzi) A report to the European Parliament, July 1999

CONFERENCE PROCEEDINGS

NBER Macroeconomics Seminar 2010, Comment on "Fiscal Policy and Interest Rates: The Role of Sovereign Default Risk" by Thomas Laubach

Monetary Policy in the Euro Area: lessons from five years of the ECB and implications for Turkey, with F. Canova(2007) in Macroeconomics Policies for EU Accession, Basci, Togan and Von Hagen, Edward Elgar

Why are Brazil's Interest Rates so High? IGIER Working paper n. 224, July 2002 (with Francesco Giavazzi) Inflation Targeting, Debt, and the Brazilian Experience, 1999 to 2003
Francesco Giavazzi, Ilan Goldfajn and Santiago Herrera (Eds.) MIT PRESS May 2005

"How do European Monetary and Fiscal authorities behave?"(2003) in M. Buti (ed.) Monetary and Fiscal Policies in EMU", Cambridge University Press

"Debt Maturity and the Reaction and Performance of Monetary Policy" (1999) (with Alessandro Missale and G. Primiceri) in Alec Chrystal (ed)" Debt Structure and Monetary Conditions", Bank of England and Mac Millan Press

"Comment to Bates: Financial Markets' assessment of EMU" (1999), Carnegie-Rochester Conference Series, Volume on "Issues Regarding European Monetary Unification",

"Comment to Weber A. "Asymmetric interest rate policy in Europe" forthcoming in Konig (ed) The Monetary Transmission Process: Recents Developments and Lessons for Europe, Mac Millan Press London

"Monetary Policy, Forward Rates and Long Rates: does Germany differ from the United States?"(1998) (with F. Iacone and M. Pifferi) in "Monetary Policy and Interest Rates" I. Angeloni and R. Rovelli(eds.), MacMillan Press, 198-231

"Comment to Mirowski: The attribution of quantitative error and the erasure of plural interpretations in various sciences" in Pluralism in Economics, E.Screpanti and A.Salanti(eds.), Edward Elgar (1998) ,278-281

WORKING PAPERS

Demographics and the Behaviour of Interest Rates (C.A. Favero, A.Gozluklu and H.Yang)
with , A.Gozluklu, Haoxi Yang

Austerity in 2009-2013 (with A. Alesina, O. Barbiero F. Giavazzi and M.Paradisi) paper to be presented in the Fall 2014 Economic Policy Panel

Implications of Return Predictability across Horizons for Asset Pricing Models (with F.Ortu, A.Tamoni and H Yang)

A Multivariate Model of Strategic Asset Allocation with Longevity Risk(with Emilio Bisetti,, Giacomo Nocera , Claudio Tebaldi)

FUNDED RESEARCH PROJECTS

Financial Market Structures and Monetary Transmission in the EMU", the European Commission, Directorate General for Economic and Financial Affairs (DG2), 1998 (with F. Giavazzi)

Monetary Policy in Stage III: Implications of different Debt Structures Across Member States" the European Commission, Directorate General for Economic and Financial Affairs (DG2), 1998 (with G. Piga, A. Missale and H. Uhlig)

High-level economic policy design and conduct in the run up to European Union accession, (1998) CEPR and National Bank of Hungary (with D. Begg, F. Canova, A. Hughes Hallett, P. Martin, I. Mihov, A. Weber, M. Wickens, C. Wyplosz)

MIUR COFIN Project on "The Econometric Analysis of Structural Change"(1998) Local Scientific Coordinator

An evaluation of monetary transmission in the context of the European Central Bank, (1999) the European Parliament (with F. Giavazzi)

The credit channel in Europe: empirical evidence from disaggregated data on banks and firms, (1999) Fondation Banque de France pour la recherche en economie monétaire, financière et bancaire (with F.-C. Bagliano e A. Sembenelli)

Financial contagion: how it spreads, how can it be stopped? (1999) World Institute for Development Economic Research (with F. Giavazzi)

Understanding high Brazilian interest rates (2000) The World Bank

MIUR-COFIN Project on "Structural Macroeconometrics models of the Italian Economy in the European context"(2000) National Scientific Coordinator

The Decomposition of Observed Spreads in the Euro Area Government Bond Markets, (2001) European Commission , Directorate General Economic and Financial Affairs

Measuring Risk Premium in the term structure of Euro interest rates (2002) The European Central Bank

MIUR-COFIN Project on “Forecasting in Macroeconomics and Finance” (2002) Scientific Coordinator

The determinants of risk premium in Brazil (2003) The World Bank

MIUR-COFIN Project “Monetary and Fiscal Stabilization Policies” (2004) National Scientific Coordinator

MIUR-COFIN Project “Financial, credit and labour markets in business cycle models for policy evaluation. Theory and empirics.” (2007) National Scientific Coordinator

MIUR-FIRB Project on “The choice of instruments for Financing Public Debt in the Euro area under the Growth and Stability Pact” (2005-2008)

Euro Area Money Demand and International Portfolio Allocation (2007) (with Roberto de Santis and B.Roffia) European Central Bank

MIUR-COFIN Project Financial Fluctuations, unemployment and Inflation (2010-2013) National Scientific Coordinator

Growth and Sustainability Policies for Europe project (GRASP #244725) by the European Commission's 7th Framework Programme. (2010-2013)

SEMINAR PRESENTATIONS (MAIN AND RECENT)

2014

Bank for International Settlements, Basel
Bank of England
University of Bern
Uni Bonn/ CEPR Conference “The European Crisis – Causes and Consequences” June 20-21,
ISOM

2013
NBER Summer Institute
Universitat Autonoma Barcelona
ECB
Warwick University
UPF Summer Institute
Key note speaker ZEW Conference on Recent Developments in Macroeconomics
Bank of Italy

2012
Longevity 8, University of Toronto
City University of London
Xiamen University
Nova University Lisbon

2011

CEPR EUROPEAN SUMMER SEMINAR IN MACROECONOMICS, GERZENSEE
Keynote Speaker at "Anglo-French-Italian Macroeconomics Workshop 2011 - Macroeconomic theory in a changing environment"

2010
Keynote Speaker at the Second International Conference in memory of Carlo Giannini: "Time series econometrics and macroeconomic forecasting in a policy environment", Bank of Italy, Rome, 19/20 January 2010**.**
Keynote Speaker at the 20Area Conference in Applied Microeconomics, CEsifo, Munchen March 2010
Department of Economics, University of York
NBER Summer Institute on Forecasting Methods in Macroeconomics and Finance

2009
LBS, London
EFA Bergen
Queen Mary College London,
ECB Frankfurt