MIT Economics

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DOCTORAL STUDIES

Massachusetts Institute of Technology (MIT)
PhD, Economics, Expected completion June 2027
DISSERTATION: "Market Beliefs and Monetary Policy Design"

DISSERTATION COMMITTEE AND REFERENCES

Professor Ricardo J. Caballero
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Professor Christian K. Wolf
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Professor Iván Werning
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PRIOR EDUCATION

Pontificia Universidad Católica de Chile

M.A. in Economics (ranked 1st of 28)	2020
B.A. in Philosophy (ranked 1st of 10)	2020
B.A. in Economics and Business (ranked 1st of 353)	2017

CITIZENSHIP Chile **GENDER** Male

LANGUAGES Spanish, English

FIELDS Primary Fields: Macroeconomics
Secondary Fields: Financial Economics, Economic Theory

TEACHING EXPERIENCE

Principles of Macroeconomics (U), MIT 14.02 Teaching Assistant to Professor Ricardo J. Caballero (4 semesters)	2024-2026
Advanced Macroeconomics I (PhD), MIT 14.461 Teaching Assistant to Professors Atif Mian and Iván Werning	Fall 2025
Principles of Macroeconomics (U), MIT 14.02 Teaching Assistant to Professor Martin Beraja	Fall 2024
Advanced Macroeconomics I (PhD), MIT 14.461 Teaching Assistant to Professors Martin Beraja and Iván Werning	Fall 2023
Foundations of Modern Finance (MFin), MIT 15.415 Teaching Assistant to Professors Jiang Wang and Lawrence Weiss	Summer 2023
Financial Mathematics (MFin), MIT 15.454 Teaching Assistant to Professor Joel Flynn	Summer 2022
Intermediate Microeconomics (U), Universidad Adolfo Ibáñez Instructor (2 semesters)	2020-2021
Pontificia Universidad Católica de Chile Teaching Assistant for graduate courses: Microeconomic Theory I (3 semesters), Econometric Theory I, Macroeconomic Theory II, Mathematical Economics, and Real Analysis for Economics; additional undergraduate courses in economics, mathematics, and philosophy.	2014-2021

RELEVANT POSITIONS

Research Assistant to Professor Ricardo J. Caballero, MIT	Fall 2023
Research Assistant to Professor David Kohn, PUC	2020-2021

FELLOWSHIPS, HONORS, AND AWARDS

Stanley (1969) and Rhoda Fischer Fellowship, MIT	2021-2023
Academic Excellence Award, M.A. in Economics, PUC	2020
Prize for best graduating student, B.A. in Philosophy, PUC	2020
Raul Yver Oxley Prize for best graduating student, B.A. in Economics, PUC	2019
Academic Excellence Scholarship for M.A., ANID Chile	2019
Matricula de Honor Scholarship (highest GPA of the cohort), PUC	2013-2016
Monseñor Joaquín Larraín Gandarillas Prize (ranked 3rd nationwide in the college admission test), PUC	2013

PROFESSIONAL ACTIVITIES

Presentations

2026: New England Economics PhD Students Conference, Brown University; Boot Camp on Monetary and Fiscal Policy, NBER (poster presentation); Macro Finance Research Program Summer Session for Young Scholars, University of Chicago (poster presentation); Boston Fed (scheduled)
2024: VI Economics Alumni Workshop, PUC Chile

RESEARCH PAPERS

Expectations and the Transmission of Monetary Policy (Job Market Paper) (with Tomás Caravello) [link]

Monetary policy decisions affect economic activity largely by shifting expectations. Central banks base these decisions on imperfect and persistent real-time assessments of economic conditions. This paper studies monetary policy design when decisions partially reveal these assessments, changing market expectations of future policy. Policy responses to demand and productive capacity assessments shape the market interpretation of decisions and hence their effects. We identify a novel form of time inconsistency rooted in the imperfect and private nature of real-time assessments. Under discretion, the central bank chooses rates after forming its assessments, taking as given markets' interpretation of decisions. By committing to a rule beforehand, it accounts for how the rule shapes that interpretation. Discretion leaves the economy inefficiently exposed to assessment errors. In particular, expectations can be excessively sensitive to policy surprises. We quantify this inefficiency in a New Keynesian model estimated using U.S. data, including Fed forecast revisions and inflation expectations' sensitivity to policy surprises. The optimal commitment rule sharply lowers the response to productive capacity assessments relative to demand, greatly improving stabilization. Markets then attribute less of a policy surprise to errors about productive capacity, which are slow to correct, dampening expectation revisions and their effects on inflation and output.

Forward Guidance for Skeptical Markets [link]

This paper develops a theory of forward guidance that captures two key features of central bank communication: announcements are not fully state-contingent, and the private sector is wary of policy mistakes. The central bank tailors announcements along two central dimensions: (i) vagueness—how tightly the announcement constrains future policy; and (ii) data dependence—how aggressively future policy responds to a public signal of the economy. Three main lessons emerge. First, uncertainty affects communication differently depending on its source: sufficiently high uncertainty about either demand or cost-push shocks calls for vaguer guidance, but only demand-side uncertainty increases the optimal degree of data dependence. Second, strict rules are costly: fully precise guidance entails sizable stabilization losses, especially when the Phillips curve is steep. Third, because of the stabilizing role of announcements, optimal forward guidance differs sharply from simply communicating the best forecast of the future optimal policy rate (Delphic guidance).

Market Interpretation and Uncertainty in Monetary Transmission [link]

Monetary policy decisions affect economic activity largely by shaping private-sector expectations. The difficulty of anticipating how agents will interpret a decision is thus an important source of uncertainty about how strongly policy affects the economy (transmission uncertainty). I study a model in which agents infer the central bank's persistent real-time economic assessments from its decisions in a way that the central bank cannot perfectly predict. Systematic

policy shapes this inference, making the extent of transmission uncertainty endogenous. I show that, under discretion—when the central bank chooses its preferred rate after observing its assessments—transmission uncertainty attenuates the policy response, in line with the familiar cautionary principle. However, this caution is inefficient. First, the discretionary rule is too cautious in its overall scale: a stronger policy response improves stabilization without increasing exposure to interpretation risk. Second, a self-reinforcing feedback loop between uncertainty and caution can generate arbitrarily large, avoidable losses.

RESEARCH IN PROGRESS

Financial Attention and Macroeconomic Stabilization

Financial intermediaries devote substantial resources to gathering and analyzing information about credit risk. The value of this information depends on how useful it is for adjusting lending terms when credit risk changes. By affecting the consequences of risk shocks for borrowers and lenders, systematic monetary policy thus shapes intermediaries' incentives to acquire information. I build a New Keynesian model in which financial intermediaries acquire costly information about shocks that affect borrowers' default risk (i.e., shocks to the cross-sectional dispersion of firms' productivity). The information intermediaries acquire shapes the credit-supply reaction to risk shocks. Since firms rely on bank credit to finance production, this feeds into marginal costs and inflation. The central bank faces a novel trade-off. First, greater attention by intermediaries strengthens the feedback between borrowing costs and firms' prices, making inflation and output harder to stabilize. At the same time, discouraging attention in general requires departures from the central bank's preferred inflation–output stabilization mix. I plan to extend the analysis to the allocation of attention between aggregate and firm-specific risk and how this interacts with macroeconomic stabilization. Furthermore, I plan to use evidence on banks' risk assessments to quantify the relevance of this mechanism.

When Does Uncertainty Justify Monetary Policy Gradualism?
(with Tomás Caravello)

Since the seminal contribution of Brainard (1967), uncertainty about monetary transmission has often been used to justify cautious and gradual policy adjustment. We revisit this idea in standard dynamic models and show that attenuation (lower rate volatility) and gradualism (higher rate persistence) do not always come together: while attenuation is a fairly general consequence of transmission uncertainty, whether such uncertainty also makes optimal policy gradual depends on its source and the economy's underlying dynamics. Uncertainty about the sensitivity of demand to interest rates induces gradualism under both backward- and forward-looking private-sector behavior, albeit through different mechanisms. By contrast, uncertainty about the degree of forward-looking behavior has the opposite effect: it decreases the persistence of policy rates by weakening the effectiveness of future policy commitments. We plan to analyze whether the interaction between transmission and forecast uncertainty can reconcile the conflicting results in the literature on whether

uncertainty calls for more or less aggressive policy, and to quantify how much of observed monetary policy gradualism transmission uncertainty can explain.