

THOMAS M. MERTENS

Federal Reserve Bank of San Francisco
Economic Research - Finance
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POSITION

Federal Reserve Bank of San Francisco	San Francisco, CA
2019- Vice President	
2018-2019 Senior Research Advisor	
2017-2018 Research Advisor	
2015-2016 Senior Economist	

OTHER POSITIONS, PAST AND PRESENT

Haas School of Business - University of California	Berkeley, CA
2016-present Visiting Assistant Professor	
Stanford Graduate School of Business	Stanford, CA
2020-2021 Lecturer	
NYU Stern School of Business	New York, NY
2009-2015 Assistant Professor of Finance	
The Wharton School - University of Pennsylvania	Philadelphia, PA
2013-2014 Visiting Assistant Professor of Finance	

EDUCATION

Harvard University	Cambridge, MA
2004-2009 Ph.D. in Economics	
University of Bonn	Bonn, Germany
1999-2005 Diploma in Mathematics	

RESEARCH FIELDS

Finance, Macroeconomics, International Finance

PUBLISHED AND FORTHCOMING PAPERS

“A Risk-Based Theory of Exchange Rate Stabilization”

(with Tarek A. Hassan and Tony Zhang)

Review of Economic Studies, 2023, Vol. 90 (2), pp. 879-911

“What to Expect from the Lower Bound on Interest Rates: Evidence from Derivatives Prices”

(with John C. Williams)

American Economic Review, 2021, Vol. 111 (8), pp. 2473-2505

“Tying Down the Anchor: Monetary Policy Rules and the Lower Bound on Interest Rates”

(with John C. Williams)

in “*Strategies for Monetary Policy*”, ed. by John H. Cochrane and John B. Taylor, Hoover Institution, 2020.

“Monetary Policy Frameworks and the Effective Lower Bound on Interest Rates”

(with John C. Williams)

American Economic Review, Papers and Proceedings, 2019, Vol. 109 (May), pages 427-432.

“Solving an Incomplete Market Model with a Large Cross-Section of Agents”

(with Kenneth L. Judd)

Journal of Economic Dynamics and Control, 2018, Vol. 91, pp. 349-368

“The Social Cost of Near-Rational Investment”

(with Tarek A. Hassan)

American Economic Review, 2017, Vol. 107 (4), pp. 1059-1103.

“Not so Disconnected: Exchange Rates and the Capital Stock”

(with Tarek A. Hassan and Tony Zhang)

Journal of International Economics, 2016, Vol. 99, S43-S57.

“Information Aggregation in a DSGE Model”

(with Tarek A. Hassan)

NBER Macroeconomics Annual, 2014.

“Fraud Deterrence in Dynamic Mirrleesian Economies”

(with Roc Armenter)

Journal of Monetary Economics, 2013, Vol. 60 (2), pages 139-151.

“Market Sentiment: A Tragedy of the Commons”

(with Tarek A. Hassan)

American Economic Review, Papers and Proceedings, 2011, Vol. 101 (2), pages 402-405.

POLICY PAPERS AND BOOK CHAPTERS

“Evaluating Forecast Performance of Market-based Measures of Inflation Expectations in Europe”

(with Shaily Acharya, Nira Harikrishnan, and Tony Zhang)

FEDS Note, 2024, Board of Governors of the Federal Reserve System, July 19, 2024

“Recession Prediction on the Clock”

Economic Letter, 2022, Federal Reserve Bank of San Francisco, 2022-36

“Current Recession Risk According to the Yield Curve”

(with Michael D. Bauer)

Economic Letter, 2022, Federal Reserve Bank of San Francisco, 2022-11

“Effects of Asset Valuations on U.S. Wealth Distribution”

(with Renuka Diwan and Evgeniya A. Duzhak)

Economic Letter, 2021, Federal Reserve Bank of San Francisco, 2021-24

“Average-Inflation Targeting and the Effective Lower Bound”

(with Renuka Diwan and Sylvain Leduc)

Economic Letter, 2020, Federal Reserve Bank of San Francisco, 2020-22

“Market Assessment of COVID-19”

(with Simon H. Kwan)

Economic Letter, 2020, Federal Reserve Bank of San Francisco, 2020-14

“Zero Lower Bound Risk according to Option Prices”

(with Michael D. Bauer)

Economic Letter, 2019, Federal Reserve Bank of San Francisco, 2019-24

“Did the Yield Curve Flip? Will the Economy Dip?”

(with Michael D. Bauer)

SF Fed Blog, 2018, Federal Reserve Bank of San Francisco

“Information in the Yield Curve about Future Recessions”

(with Michael D. Bauer)

Economic Letter, 2018, Federal Reserve Bank of San Francisco, 2018-20

“Economic Forecasts with the Yield Curve”

(with Michael D. Bauer)

Economic Letter, 2018, Federal Reserve Bank of San Francisco, 2018-07

“Valuation Ratios for Households and Businesses”

(with Patrick Shultz and Michael Tubbs)

Economic Letter, 2018, Federal Reserve Bank of San Francisco, 2018-01

“China’s Exchange Rate Policies and U.S. Financial Markets”

(with Patrick Shultz)

Economic Letter, 2017, Federal Reserve Bank of San Francisco, 2017-28

“Has the Dollar Become More Sensitive to Interest Rates?”

(with John Fernald and Patrick Shultz)

Economic Letter, 2017, *Federal Reserve Bank of San Francisco*, 2017-18

“Consumer Finance Protection” (with Thomas Cooley, Xavier Gabaix, Samuel Lee, Vicki Morwitz, Shelle Santana, Anjolein Schmeits, Stijn van Nieuwerburgh, Robert Whitelaw)

in “Regulating Wall Street: The Dodd-Frank Act and the New Architecture of Global Finance”, eds. Viral V. Acharya, Thomas Cooley, Matthew Richardson, and Ingo Walter

“Central Bank Independence and the Role of the Fed” (with David Backus, Thomas Cooley, Itamar Drechsler, Kermit L. Schoenholtz, George Smith, Richard Sylla, Paul Wachtel)

in “Real Time Solutions for Financial Reform”, eds. Viral V. Acharya, Thomas Cooley, Matthew Richardson, and Ingo Walter

“Consumer Financial Protection Agency: Is there a Need” (with Thomas Cooley, Xavier Gabaix, Samuel Lee, Vicki Morwitz, Anjolein Schmeits, Stijn van Nieuwerburgh, Robert Whitelaw)

in “Real Time Solutions for Financial Reform”, eds. Viral V. Acharya, Thomas Cooley, Matthew Richardson, and Ingo Walter

WORKING PAPERS

“Macroeconomic Drivers and the Pricing of Uncertainty, Inflation, and Bonds”

(with Brandyn Bok and John C. Williams)

FRBSF Working Paper 2022-06

WORK IN PROGRESS

“A Financial New Keynesian Model”

(with Tony Zhang)

“The Optimal Supply of Central Bank Reserves under Uncertainty”

(with Gara Afonso, Gabriele La Spada, and John C. Williams)

“A Currency Premium Puzzle”

(with Tarek A. Hassan and Jingye Wang)

HONORS, AWARDS, FELLOWSHIPS

2011	Research Grant, Center for Global Economy and Business, NYU Stern
2010	Duke Macroeconomics Jamboree
2010	Francesco Paris Award, EURO Working Group on Financial Modeling
2008-2009	Roger Martin Graduate Fellowship, Harvard University
2008	Grant, Institute for Quantitative Social Science, Harvard University
2008	Opportunity Grant, Center for European Studies, Harvard University

2007-2009	Doctoral Fellow at IQSS, Harvard University
2007-2009	Doctoral Fellow at Center for European Studies, Harvard University
Spring 2007	Fellowship, Hoover Institution, Stanford University
2006-2008	Graduate Fellowship, German National Academic Foundation
2005, 2006	Fellowship, Max-Planck Institute, Bonn, Germany
2005	Best paper at Summer Institute on Computational Economics, Argonne IL
2004-2006	ERP Fellowship, German National Academic Foundation
2004-2006	Graduate Fellowship, Harvard University
2000-2004	German National Academic Foundation, Scholar

TEACHING EXPERIENCE

UC Berkeley – Haas School of Business:

Spring 2022	Empirical Methods in Finance (MFE) (6.0/7.0)
Summer 2021	Corporate Finance (Executive MBA)
Summer 2020	Corporate Finance (Executive MBA) (6.6/7.0)
Fall 2019	Corporate Finance (MBA)
Summer 2019	Corporate Finance (Executive MBA) (6.7/7.0)
Spring 2019	Corporate Finance (MBA) (6.6/7.0)
Summer 2018	Corporate Finance (Executive MBA) (6.3/7.0)
Spring 2018	Corporate Finance (MBA) (6.4/7.0)
Spring 2017	Corporate Finance (MBA) (6.3/7.0)
Spring 2016	Corporate Finance (MBA) (5.7/7.0)

Stanford Graduate School of Business

Winter 2021	Corporate Finance (MBA)
Winter 2020	Corporate Finance (MBA)

New York University – Stern School of Business:

Summer 2015	Foundations of Finance (MBA) (6.1/7.0, 5.8/7.0)
Fall 2012	Foundations of Financial Markets (6.4/7.0)
	Foundations of Finance (MBA) (5.7/7.0, 5.9/7.0)
Fall 2011	Foundations of Finance (MBA) (6.7/7.0, 6.7/7.0, 6.0/7.0)
Fall 2010	Foundations of Finance (MBA) (6.0/7.0 and 5.3/7.0)
	Foundations of Financial Markets (6.1/7.0)
Spring 2010	Foundations of Financial Markets (6.7/7.0, 6.5/7.0)

University of Pennsylvania - The Wharton School

Fall 2013	Corporate Finance (2.85/4.00, 3.03/4.00, 3.26/4.00)
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Harvard University

2006, 2007	Math Camp for Ph.D. students, Department of Economics
Spring 2006	Advanced Microeconomics II (M.A.), Kennedy School of Government
	Teaching fellow for Asim I. Khwaja

PAST AFFILIATIONS

New York University	New York, NY
2011-2015 Center for Global Business & Economy	
Cowles Foundation, Yale University	New Haven, CT
2012-2013 Visiting Scholar	
Federal Reserve Bank of New York	New York, NY
2009-2014 Visiting Scholar	
Summer 2008 Ph.D. summer intern	
Harvard University	Cambridge, MA
2007-2009 Institute for Quantitative Social Science	
2007-2009 Center for European Studies	

PROFESSIONAL ACTIVITIES

Referee:

American Economic Journal: Macroeconomics, American Economic Review, American Economic Review: Insights, Econometrica, Economic Journal, Economics Letters, European Economic Review, IMF Economic Review, Journal of Banking and Finance, Journal of Business Cycle Research, Journal of Economic Dynamics and Control, Journal of Economic Theory, Journal of the European Economic Association, Journal of Finance, Journal of Financial Econometrics, Journal of Financial Economics, Journal of International Economics, Journal of Monetary Economics, Journal of Money Credit and Banking, Journal of Political Economy, Journal of Political Economy - Macroeconomics, Journal of Public Economic Theory, Management Science, North American Journal of Economics and Finance, Quarterly Journal of Economics, Review of Economic Dynamics, Review of Economic Studies, Review of Economics and Statistics, Review of Financial Studies, Review of Economics and Statistics, Swiss Journal of Economics and Statistics, European Conference on Mathematics for Industry

Reviews:

Boadie, Kane, Marcus: “Essentials of Investments”, 8th edition

Program Committee Member:

European Finance Association 2018-2020, Society for Economic Dynamics, 2013 and 2014, Society for Economic Dynamics, 2012, Midwest Finance Association, 2011
FRBNY Financial Intermediation, 2022
Day Ahead Conference, 2023

Program Organizer:

Conference on Advances in Financial Research, FRBSF, 2017-2019

Conference on Advances in Macro-Finance Research, FRBSF, 2024

Discussions:

Brent Bundick, Logan Hotz, and A. Lee Smith: “How Optimal Was U.S. Monetary Policy at the Zero Lower Bound?”

(Fixed Income Conference, FRB Chicago, 2024)

Viral Acharya, Rahul Chauhan, Raghuram Rajan, and Sascha Steffen: “Liquidity Dependence and the Waxing and Waning of Central Bank Balance Sheets”

(NBER Monetary Economics, Fall 2023)

Xiang Fang, Sining Liu, and Yang Liu: “Currency Risk under Capital Controls”

(Western Finance Association, 2023)

Dahlquist, Heyerdahl-Larsen, Pavlova, and Penasse: “International Capital Markets and Wealth Transfers”

(Eagle Labs Conference on Financial Economics, Herzliya, Israel, 2023)

Thomas B. King: “Real Yields and the Transmission of Central Bank Balance-Sheet Policies”

(System Macro Conference, 2021)

Viral V. Acharya, Ryan Banerjee, Matteo Crosignani, Tim Eisert, Renée Spigt: “Exorbitant Privilege? The Bond Market Subsidy of Prospective Fallen Angels”

(Financial Stability Considerations for Monetary Policy, 2021)

Alyssa Anderson, Wenxin Du, and Bernd Schlusche: “Arbitrage Capital and Global Banks”

(Western Finance Association, 2020)

Ravi Bansal, Dana Kiku, and Marcelo Ochoa: “Climate Change Risk”

(The Economics of Climate Change, FRBSF, 2019)

Axelle Ferriere and Gaston Navarro “The Heterogeneous Effects of Government Spending”

(System Macro Meeting, Minneapolis, 2018)

Colin Caines and Fabian Winkler “Asset Price Learning and Optimal Monetary Policy”

(System Macro Meeting, Chicago, 2017)

Piotr Denderski and Christian A. Stoltenberg “On the Positive Value of Information in Risk Sharing”

(Cologne Macroeconomics Workshop, Cologne, 2014)

Charles-Henri Weymuller “Banks as Safety Multipliers: A Theory of Safe Assets Creation”

(LBS Safe Assets Conference, London, 2014)

Michael Sockin and Wei Xiong “Informational Frictions and Commodity Markets”
(ASSA Meetings, Philadelphia, 2014)

Pierre Collin-Dufresne, Michael Johannes, and Lars Lochstoer “Parameter Learning in General Equilibrium: The Asset Pricing Implications”
(Western Finance Association, Lake Tahoe, 2013)

Ben Lockwood “How Should Financial Intermediation Services be Taxed?”
(Vanderbilt Taxation Theory Conference, Nashville, 2012)

Giacomo Rondina and Todd Walker “Information Equilibria in Dynamic Economies with Dispersed Information”
(ASSA Meetings, Chicago, 2012)

Piero Gottardi and Felix Kübler “Dynamic General Equilibrium with Complete Markets and Collateral”
(McKenzie Memorial Conference, Rochester, NY, 2011)

Fan Yang “Investment Shocks, Capacity Constraints, and the Commodity Basis Spread”
(FMA Doctoral Meeting, New York City, 2010)

Invited Seminars and Presentations:

UC Berkeley (2023), FRBKC (2023), Bank of Canada (2022), ECB (2022), Stanford GSB (2020), FRBNY(2019), University of Tübingen (2018), Federal Reserve Bank of New York (2018), UBC (2018), CMU (2017), Stanford MS&E (2017), Board of Governors (2016), Zürich (2016), Oslo BI (2016), Toulouse (2016), Köln (2016), Amsterdam (2016), UCSC (2015), UIUC (2014), FRBSF (2014), UCSD Rady (2014), UNC Kenan-Fleglar (2014), Frankfurt (2014), Frankfurt School (2014), Duke (2014), UVA (2014), EIEF (2014), UCLA Anderson (2013), Wharton (2013), Köln (2013), Berkeley (Economics, 2013), Stockholm (2013), Yale (Economics, 2012), Georgetown (2012), Einaudi (2012), Duke Fuqua (2012), Wharton (2012), FRBNY (2012), MIT Sloan (2011), Berkeley Haas (2011), UBC (Finance) (2010), BU (Finance, 2010), BU (2009), Duke (2009), BIS (2009), NYU Stern (2009), FRBNY (2009), FRBB (2009), Carnegie-Mellon (2009), Harvard (2008), MIT Sloan (2008), FRBNY (2008), ICE (2007), Stanford (2007), MPI Bonn (2007), Kansas (2006).