

**ALI UPPAL**  
ECONOMICS DEPARTMENT  
UNIVERSITY OF CALIFORNIA SAN DIEGO

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**CONTACT INFORMATION**

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**EDUCATION**

**Ph.D. Candidate in Economics**, University of California San Diego      Expected completion: June 2024  
Committee: James D. Hamilton (Chair), Juan Herreño, Nir Jaimovich, Allan Timmermann,  
Fabian Trottner, Johannes Wieland

**M.A., International and Development Economics**, Yale University      2016  
**B.Sc. Economics**, London School of Economics and Political Science      2012

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**REFERENCES**

<b>James D. Hamilton</b> Department of Economics UC San Diego +1 858-534-5986 <a href="mailto:jhamilton@ucsd.edu">jhamilton@ucsd.edu</a>	<b>Nir Jaimovich</b> Department of Economics UC San Diego +1 858-534-4828 <a href="mailto:nijaimovich@ucsd.edu">nijaimovich@ucsd.edu</a>	<b>Allan Timmermann</b> Rady School of Management UC San Diego +1 858-534-0894 <a href="mailto:atimmermann@ucsd.edu">atimmermann@ucsd.edu</a>	<b>Johannes Wieland</b> Department of Economics UC San Diego +1 510-388-2785 <a href="mailto:jfwieland@ucsd.edu">jfwieland@ucsd.edu</a>
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**FIELDS OF INTEREST**

Macroeconomics, Monetary Economics, Banking and Finance

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**RELEVANT POSITIONS HELD**

**Dissertation Fellow**, Monetary Affairs, Federal Reserve Board      2023  
**NBER Rapporteur**, NBER Macroeconomics Annual, National Bureau of Economic Research      2022-2023  
**Research Assistant**, Professor Johannes Wieland, UC San Diego      2020-2022  
**Researcher**, AQR Asset Management Institute, London Business School      2018-2019  
**Head of Balance Sheet Analysis**, Fiscal Policy Group, UK Treasury      2016-2018  
**Fiscal Expert**, Technical Assistance Mission in North Macedonia, International Monetary Fund      2018  
**Economist**, Fund Internship Program, International Monetary Fund      2016  
**Consulting Editor**, Yale Program on Financial Stability, Yale University      2015-2016  
**Economist**, Office of the Chief Economist, Bank of England      2015  
**Economist**, Financial Stability and Macroprudential Policy, UK Treasury      2012-2015  
**Research Assistant**, Professor Danny Quah, London School of Economics      2009-2012

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**TEACHING EXPERIENCE**

Teaching Assistant, Topics in Macroeconomics, UC San Diego      2023  
Teaching Assistant, Intermediate Macroeconomics, UC San Diego      2020-2023  
Teaching Assistant, Stabilization Macroeconomics, UC San Diego      2022  
Teaching Assistant, Introduction to Microeconomics, UC San Diego      2021  
Guest Lecturer, Financial Stability Economics, Jackson School of Global Affairs, Yale University      2015

## WORKING PAPERS

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### **“Do Higher Interest Rates Make The Banking System Safer? Evidence From Bank Leverage”**

*Job Market Paper*

A vast theoretical literature claims that increasing interest rates reduces bank leverage, therefore making banks safer. The empirical validity of this claim is critical to improving our understanding of the transmission of monetary policy through banks in addition to informing the ongoing debate on whether monetary policy should be used to support financial stability. I show empirically that raising interest rates actually *increases* bank leverage. I propose and empirically validate a mechanism that explains the overall increase in bank leverage in response to monetary policy shocks which I term the *loan-loss mechanism*: contractionary shocks increase loan losses, reduce bank profits and equity, and ultimately increase bank leverage. I document why much of the theoretical literature is unable to explain the leverage response and develop a banking model where floating-rate loans entail a trade-off between interest rate risk and credit risk, which generates the loan-loss mechanism. Using microdata, I provide empirical evidence consistent with floating-rate loans hedging interest rate risk at the expense of generating loan losses.

**Prizes:** *Young Economist Prize (Runner-Up), Rady School of Management Libby Award, Walter Heller Memorial Prize (Best 3rd Year Paper)*

**Conferences:** *Southern Economic Association Annual Conference, King's College London QCGBF Annual Conference, Midwest Macroeconomic Conference (Spring), London Business School TADC (accepted)*

### **“Do Central Bank Cycles Drive Stock Returns? New Evidence From the US, UK, and Japan”**

Cieslak, Morse, and Vissing-Jorgensen (2019) show that the equity premium in the US since 1994 is earned entirely in even weeks of the Federal Open Market Committee meeting cycle and that these same even weeks also drive international stock returns. Updating their data, I find that their US result does not hold out-of-sample and show that with an extended sample, the result loses its robustness as early as 2004. I construct central bank cycles for the Bank of England and the Bank of Japan and show, when accounting for potential pre-announcement effects, their international result also no longer holds.

### **“Kites and Quails: Monetary Policy and Communication with Strategic Financial Markets”**

with Giampaolo Bonomi

We develop a simple game-theoretic model to determine the consequences of explicitly including financial market stability in the central bank objective function, when policymakers and the financial market are strategic players, and market stability is negatively affected by policy surprises. We find that inclusion of financial sector stability among the policy objectives can induce an inefficiency, whereby market anticipation of policymakers' goals biases investment choices. When the central bank has private information about its policy intentions, the equilibrium communication is vague, because fully informative communication is not credible. The appointment of a “kitish” central banker, who puts little weight on market stability, reduces these inefficiencies. If interactions are repeated, communication transparency and overall efficiency can be improved if the central bank punishes any abuse of market power by withholding forward guidance. At the same time, repeated interaction also opens the doors to collusion between large investors, with uncertain welfare consequences.

## RESEARCH IN PROGRESS

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### **“The Propagation of Microeconomic Shocks through Financial and Production Networks”**

with Fabian Trottner

### **“Optimal Monetary Policy and Financial Stability: The Role of Floating-Rate Loans”**

with Jinyoung Seo

### **SELECTED POLICY PAPERS**

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“[Former Yugoslav Republic of Macedonia Fiscal Transparency Evaluation](#)” International Monetary Fund Fiscal Affairs Department, 2018

with Suzanne Flynn, Alberto Soler, Phillip Stokoe, and Amanda Sayegh

“[The time is ripe for a balance sheet review](#)” Public Finance, 2017

with Mario Pisani

“[Food Inflation in Sub-Saharan Africa: Causes and Policy Implications](#)” IMF Working Paper, WP/16/247, 2016

with Emre Alper and Niko Hobdari

“[How Much Do Global Prices Matter For Food Inflation](#)” IMF World Economic Outlook, 2016

with Emre Alper, Luis Catão, Niko Hobdari, and Daniel Te Kaat

“[The Financial Policy Committee housing market tools – Impact Assessment](#)” HM Treasury, 2015

“[The Financial Policy Committee housing market tools – Consultation](#)” HM Treasury, 2014

### **FELLOWSHIPS, GRANTS, HONORS, AND AWARDS**

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<b>Young Economist Prize</b> Runner-Up, King’s College London	2023
<b>Summer Research Fellowship</b> , James D. Hamilton, UC San Diego	2020, 2021, 2022, 2023
<b>Walter Heller Memorial Prize (Best 3rd Year Paper)</b> , UC San Diego	2022
<b>Richard A. Libby Award</b> , Rady School of Management	2022
<b>Advancement to Candidacy Fellowship</b> , UC San Diego	2022
<b>Teaching Excellence Award</b> , UC San Diego	2022
<b>Summer Research Fellowship</b> , Johannes Wieland, UC San Diego	2021
<b>Regents Fellowship</b> , UC San Diego	2019
<b>HM Treasury Master’s Degree Scholarship</b> , HM Treasury	2015
<b>LSE Bursary</b> , London School of Economics and Political Science	2009, 2010, 2011

### **PROFESSIONAL ACTIVITIES**

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#### *External Presentations*

2023: Southern Economic Association Annual Conference (scheduled), Yale Macro Breakfast Seminar, Federal Reserve Board Monetary Affairs Seminar, King's College London QCGBF Annual Conference, Midwest Macroeconomic Conference, London Business School TADC (accepted)

#### *Referee Service*

Review of Economic Studies, Economic Letters

### **OTHER INFORMATION**

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Citizenship: UK

Languages: English (native), Urdu (fluent speaking), French (basic)