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# Arvind Krishnamurthy

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#### **Academic Position**

# NORTHWESTERN UNIVERSITY, EVANSTON

Harold Stuart Professor of Finance, Kellogg School of Management	2007 -
Associate Professor of Finance, Kellogg School of Management	2005 - 2007
Assistant Professor of Finance, Kellogg School of Management	1998 - 2005

# Education

B.S., Economics;
 B.S.E., Electrical Engineering, University of Pennsylvania,
 1986 - 1990
 Ph.D., Financial Economics, Massachussetts Institute of Technology,
 1994 - 1998

# Other Affiliations

Research Associate, National Bureau of Economic Research (NBER),
Asset Pricing, Monetary Economics, Economic Fluctuations and Growth Groups
Faculty Fellow, Center for International Economics and Development, Northwestern University.

#### **Professional Activities**

Associate Editor, American Economic Review, 2012 -

Associate Editor, Journal of Finance, 2008 - 2012

Associate Editor, American Economic Journal - Macroeconomics, 2009 - 2012

#### Other Activities

Visitor, London School of Economics, Financial Markets Group, Fall 2005 Visiting Scholar, International Monetary Fund, Research Department, Fall 2002 Fixed Income Trader, RCM-Bermuda, 1993-1994 Fixed Income Trader, AIG Financial Products, 1989-1993

# Teaching and Research Interests

Finance, Macroeconomics, International Economics

# **Courses Taught**

- MBA, "Money Markets and the Fed", Winter 98 Present. Coverage: What is the relationship between interest rates, banks and the economy? What is the role of the Fed? What happens in financial crises?
- PhD Seminar, Spring 01 Spring 05: Aggregate Implications of Financial Contracting, cotaught with Adriano Rampini.
- PhD Seminar, Spring 07, Spring 08: Asset Pricing Models with Frictions.
- PhD Seminar, Spring 09, Spring 10, Spring 11, Spring 12, Fall 13: Corporate Finance Theory
- Phd Seminar, Spring 13: Financial Intermediation and Crises

#### Journal Publications

- 1. "International and Domestic Collateral Constraints in a Model of Emerging Market Crises," Journal of Monetary Economics, 48(3), 513-548, Dec. 2001 (joint with R. Caballero of MIT).
- 2. "The Bond/Old-Bond Spread," Journal of Financial Economics, 66(2), 463-506, 2002.
- 3. "A Dual Liquidity Model for Emerging Markets," American Economic Review Papers and Proceedings, 92(2), 33-37, 2002.(joint with R.Caballero)
- 4. "Excessive Dollar Debt: Financial Development and Underinsurance," *Journal of Finance*, 58(2), 867-893, 2003 (joint with R. Caballero of MIT).
- "Collateral Constraints and the Amplification Mechanism," Journal of Economic Theory, 111(2), 277-292, 2003.

- "Regulating Exclusion from Financial Markets", Review of Economic Studies, 71(4), 681-707, 2004 (joint with P. Bond).
- 7. "Smoothing Sudden Stops", Journal of Economic Theory 119(1), 104-127, 2004 (joint with R. Caballero of MIT).
- 8. "Exchange Rate Volatility and the Credit Channel in Emerging Markets: A Vertical Perspective", *International Journal of Central Banking*, 1(1), 207 245, 2005 (joint with R. Caballero of MIT).
- 9. "Equilibrium Asset Prices and Investment under Imperfect Corporate Control", *American Economic Review*, 95(3), 659 681, 2005 (joint with G. Gorton of U.Penn and J. Dow of LBS).

This paper won the WFA's 2003 best Corporate Finance paper prize.

- 10. "Bubbles and Capital Flow Volatility: Causes and Risk Management," *Journal of Monetary Economics*, 53(1), 35-53, 2006 (joint with R. Caballero).
- 11. "Limits of Arbitrage: Theory and Evidence from the Mortgage Backed Securities Market," *Journal of Finance*, 62(2), 2007, 557-596, (joint with X. Gabaix of NYU and O. Vigneron).

Nominated for the Smith Breeden Prize for the best paper in the Journal of Finance.

12. "Collective Risk Management in a Flight to Quality Episode," *Journal of Finance*, 63(5), 2008, 2195-2236, (joint with R. Caballero of MIT).

Winner of the Smith Breeden Prize for the best paper in the *Journal of Finance*.

- 13. "Global Imbalances and Financial Fragility," American Economic Review Papers and Proceedings, 99(2), 2009, 584-88. (joint with R.Caballero)
- 14. "How Debt Markets have Malfunctioned in the Crisis," *Journal of Economic Perspectives*, 24(1), 2010, 3 28.
- 15. "Amplification Mechanisms in Liquidity Crises," American Economic Journal Macroe-conomics, 2(3), 2010, 1 30. (Lead Article)
- 16. "Balance Sheet Adjustment in the 2008 Crisis," (joint with InGu Khang of Northwestern and Zhiguo He of Chicago Booth), *IMF Economic Review*, 58, 2010, 118 156.
- 17. "The Effects of Quantitative Easing on Interest Rates" (joint with Annette Vissing-Jorgensen of Northwestern), Brookings Papers on Economic Activity, Fall 2011
- 18. "A Model of Capital and Crises" (joint with Zhiguo He of Chicago Booth), Review of Economic Studies 79(2), 2012, 735-777.

- 19. "The Aggregate Demand for Treasury Debt" (joint with Annette Vissing-Jorgensen, *Journal of Political Economy*, 120(2), 2012, 233-267.
- 20. "Intermediary Asset Pricing" (joint with Zhiguo He of Chicago Booth), American Economic Review, 103(2), 2013.
- 21. "Sizing up Repo" (joint with Stefan Nagel of U. Michigan and Dmitry Orlov of Stanford University), *Journal of Finance*

# **Book Chapters**

- "Inflation Targeting and Sudden Stops", in Ben S. Bernanke and Michael Woodford, eds., <u>The Inflation-Targeting Debate</u>, Chicago: University of Chicago Press, 2004 (joint with <u>R Caballero of MIT</u>).
- 2. "Risk Topography" (joint with Markus Brunnermeier of Princeton and Gary Gorton of Yale), NBER Macro Annual 2011
- 3. "Liquidity Mismatch Measurement" (joint with Markus Brunnermeier of Princeton and Gary Gorton of Yale), NBER Volume on Systemic Risk and Macro Modeling
- 4. "The Ins and Outs of LSAPs" (with Annette Vissing-Jorgensen), Federal Reserve Bank of Kansas City Symposium on Unconventional Monetary Policy, 2013.

#### Working Papers

- 1. "Short-term Debt and Financial Crises: What we can learn from U.S. Treasury Supply" (joint with Annette Vissing-Jorgensen), under revision, Journal of Financial Economics.
- 2. "A Macroeconomic Framework for Quantifying Systemic Risk" (joint with Zhiguo He of Chicago Booth)

Winner of the Swiss Finance Institute Outstanding Paper Award

- 3. "ECB Policies involving Government Bond Purchases: Impact and Channels" (joint with Stefan Nagel and Annette Vissing-Jorgensen)
- 4. "Measuring Liquidity Mismatch in the Banking Sector" (joint with Jennie Bai of NY Fed and Charles-Henri Weymuller of Harvard)
- 5. "Financial Meltdown: Data and Diagnoses"
- 6. "Financial System Risk and Flight to Quality" (joint with R. Caballero of MIT)
- 7. "International Liquidity Illusion: On the Risks of Sterilization" (joint with R. Caballero of MIT)

#### **PhD Students**

Yaron Leitner (2001), Nisan Langberg (2004), David Lucca (2006), Ioan Olaru (2007), Josh Davis (2008), Zhiguo He (2008), David Dicks (2008), Ioan Mirciov (2010), Andrew Nowobilski (2012), Luis Bryce (2012), Tyler Muir (2013), Taejin Kim (2013), Vishal Mangla (2013)

# **Outside Activities**

Compensated: Consultant to Federal Reserve Board, Federal Reserve Bank of New York, Federal Reserve Bank of Chicago, European Central Bank, and National Bank of Belgium.

Non-compensated: Speaker at U.S. Dept of Treasury, Moodys-KMV

Commissioned and Compensated Research: Global Markets Institute at Goldman Sachs, Brookings Institution

Other: Research Grant from Sloan Foundation. Associate Editor at American Economic Review. Past Associate Editor at Journal of Finance and American Economic Journals Macroeconomics.