

Department of Economics
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ACADEMIC POSITIONS

Federal Reserve Bank of Minneapolis, Junior Scholar, 2016-2017

Princeton University, Assistant Professor of Economics, starting in 2017

EDUCATION

Ph.D., Economics, Northwestern University, 2016

Dissertation: Essays on Household Consumption

Committee: Martin Eichenbaum, Sergio Rebelo, Matthias Doepke and Aviv Nevo

M.A., Economics, Northwestern University, 2012

AIAA, Associate of the Institute of Actuaries of Australia, 2007

B.Com (Class I Honours and the university medal), Actuarial Studies and Financial Economics
University of New South Wales, 2006

FELLOWSHIPS AND AWARDS

Review of Economic Studies Tour, 2016

BlackRock Applied Research Award (Finalist), 2015

Dissertation Year Fellowship, Northwestern University, 2015

Susan Schmidt Bies Prize for Doctoral Student Research on Economics and Public Policy, 2013

Northwestern University Fellowship, 2012-2013

University Medal, Best undergraduate thesis, University of New South Wales, 2006

University of New South Wales Faculty of Commerce and Economics Scholarship, 2006

EJ Blackadder and Hambros Bank Honours Research Scholarship, 2006

AXISS Australia Honours Research Scholarship, 2006

University of New South Wales Actuarial Co-op Scholarship, 2002-2005

RESEARCH EXPERIENCE

Research Assistant to Professors Martin Eichenbaum and Sergio Rebelo, 2012-2015

Economist at the Reserve Bank of Australia, 2007-2010

WORKING PAPERS

“Population Aging and the Transmission of Monetary Policy to Consumption”, 2015 ([PDF](#))

BlackRock Applied Research Award (Finalist), 2015

This paper assesses the effects of demographic changes on the transmission of monetary policy to consumption. First, I provide empirical estimates of age-specific consumption elasticities to interest rate shocks. The consumption of young people is significantly more responsive to interest

rate shocks than the old, and explains most of the aggregate response. The consumption responses are driven by homeowners who refinance or enter new loans after interest rate declines. Second, I develop a life-cycle model that explains these empirical facts. The model features fixed-rate mortgages, with fixed costs to refinance and enter into a new loan. I find that young people have a higher propensity to adjust their loans, because the fixed costs are spread over a larger loan size, relative to older individuals. Quantitatively, the loan adjustment channel accounts for a sizable share of the difference in consumption elasticities between young and old individuals. Under an older demographic structure, the model predicts a significantly lower aggregate consumption response to monetary policy shocks.

“Trading Down and the Business Cycle”, with Nir Jaimovich and Sergio Rebelo, 2015 ([PDF](#))

We document two facts. First, during recessions consumers trade down in the quality of the goods and services they consume. Second, the production of low-quality goods is less labor intensive than that of high-quality goods. So, when households trade down, labor demand falls, increasing the severity of recessions. We find that the trading-down phenomenon accounts for a substantial fraction of the fall in U.S. employment in the recent recession. We study two business cycle models that embed quality choice and find that the presence of quality choice magnifies the response of these economies to real and monetary shocks.

“The Elasticity of Substitution between Time and Market Goods: Evidence from the Great Recession”, with Aviv Nevo, 2015 ([PDF](#)). See summary in the [NBER digest](#).

We document a change in household shopping behavior during the Great Recession. Households purchased more on sale, larger sizes and generic products, increased coupon usage, and shopping at discount stores. We estimate that the returns to these shopping activities declined during the recession and therefore this behavior implies a significant decrease in households’ opportunity cost of time. Using the estimated cost of time and time use data, we estimate a high elasticity of substitution between market expenditure and time spent on non-market work. We find that households smooth a sizable fraction of consumption by varying their time allocation during recessions.

WORK IN PROGRESS

“Wealth in the Pantry: Implications of Consumer Stockpiling for Household Savings”, 2015

A sizable proportion of low and middle income households have low levels of financial savings. Understanding the factors behind the low savings rate is relevant for constructing policy aimed at raising savings among these households. Explanations in the literature have ranged from lack of financial literacy to potential financial frictions that prevent these households from entering the financial market. This paper examines an alternative explanation: households choose, in part, to save via stockpiling of physical nondurable goods bought during periods of low prices. These goods would not be included in standard measures of savings and wealth. I use scanner data to estimate the magnitude and return of stockpiling behavior. I find that low and middle income households hold large amounts of stockpiled goods relative to their liquid financial assets. The estimated rate of return on the stockpiled goods exceeds the return on traditional financial assets. I embed the stockpiling mechanism into a Bewley model with aggregate shocks, and find that the stockpiling behavior accounts for a sizable share of consumption smoothing for low-middle

income households. These households consume out of their stockpile of non-durable goods when faced with temporary income and price shocks. This suggests that stockpiling is an important non-traditional savings vehicle for these households.

“Heterogeneous household refinancing and new homeownership responses to interest rate shocks: Evidence from Equifax”, with Alejandro Justiniano and Aaron Kirkman

“Cyclical Fluctuations in Firms’ Gross Margins”, with Eric Anderson and Sergio Rebelo

PREVIOUS PUBLICATIONS

“The impact of the capital market turbulence on major banks’ funding costs”, Michael Davies, Christopher Naughtin, and Arlene Wong, The Reserve Bank of Australia Bulletin, June, 2009, pp 1-13 ([PDF](#))

“The impact of currency hedging on investment returns”, Alexandra Baker and Arlene Wong, The Reserve Bank of Australia Bulletin, September, 2009, pp 8-14 ([PDF](#))

“Recent trends in margin lending in Australia”, Arlene Wong, The Reserve Bank of Australia Bulletin, December, 2009, pp 11-17 ([PDF](#))

TEACHING EXPERIENCE

Teaching Assistant, Northwestern University, 2015 and 2013
Behavioral Economics, Advanced Workshop for Central Bankers

Teaching Assistant, University of New South Wales, 2006
Stochastic Models for Actuarial Applications

CONFERENCE AND SEMINAR PRESENTATIONS

2015	Minneapolis Fed Junior Scholar Conference, Minnesota
2014	Society for Economic Dynamics, Toronto; NBER Summer Institute, Boston; USDA Seminar, Washington D.C.
2013	NBER Summer Institute, Boston; Reserve Bank of Australia research seminar

WORK EXPERIENCE

2007-2010	Economist, Financial Markets Group, The Reserve Bank of Australia
2006	Actuarial Analyst, Taylor Fry Consulting Actuaries
2002-2005	UNSW Actuarial Studies Co-op Scholarship: An industry linked fellowship that involved working at three financial services companies for 15 months (Taylor Fry Consulting Actuaries, Insurance Australia Group, Zurich Financial Services)

REFEREEING

American Economic Review

PERSONAL INFORMATION

Citizenships: Australia; United States of America