

ITALO MORAIS SANTOS

PERSONAL INFORMATION

FULL NAME: Italo Morais Santos
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RESEARCH INTERESTS

Empirical Macroeconomics, Bayesian Econometrics, Monetary Economics.

ACADEMIC POSITIONS

Fall 2025 Assistant Professor
- Current Fairfield University

Fall 2023 Visiting Assistant Professor
- Spring 2025 Boise State University

EDUCATION

2016 – 2023 PH.D. Economics
University of Illinois at Urbana-Champaign

2015 – 2016 M.S. Economics
Federal University of Ceará

2010 – 2014 B.S. Economics
Federal University of Ceará

PUBLICATIONS

"The impact of monetary policy shocks—Do not rule out central bank information effects or economic news." *with Sebastian Laumer. Economics Letters*, 237. This paper reassesses the effects of monetary policy and central bank information shocks, incorporating economic news using an SVAR model. It finds stronger and more enduring economic impacts from monetary policy shocks, while central bank information shocks have weaker effects, though persistent financial impacts highlight the need to consider both in policy decisions.

WORKING PAPERS

"Towards Robust Local Projections." Local projections (LPs) with external instruments have become a widely used approach for identifying structural impulse responses in empirical macroeconomics. However, when instruments are noisy or imperfect measures of structural shocks, the resulting estimates are subject to attenuation bias. This paper proposes a Bayesian two-stage local projection framework that remains robust to weak instruments. The method also recovers the posterior distribution of the bias term, allowing for a formal assessment of instrument exogeneity. I apply the approach to estimate the effects of U.S.

marginal income tax shocks using medium-scale, annual-frequency data. The results indicate that while marginal tax shocks are contractionary, their negative effects on output and consumption dissipate within two years, likely due to capital-labor substitution effects. In a second application, I identify monetary policy shocks using high-frequency instruments and show that common instruments are substantially noisy—once this noise is accounted for, the estimated effects of monetary policy are significantly larger.

"Signaling Processing Monetary Policy Surprises". *with Sebastian Laumer.* High-frequency identification has become the standard approach for identifying monetary policy shocks. Recently, however, this method has come under scrutiny. Several studies show that high-frequency instruments are contaminated by central bank information effects or by the Fed-responds-to-news channel. Our paper develops a methodology to address both sources of contamination simultaneously. First, we show that instruments from the literature that are orthogonalized to one form of contamination remain vulnerable to the other. Second, we implement a forward regression algorithm to select the optimal set of predictors. The algorithm consistently chooses a mix of economic news and central bank information variables. This confirms that both channels are present in high-frequency monetary policy data. Third, using the selected predictors, we estimate distinct shock series for monetary policy, central bank information effects, and the Fed-responds-to-news channel, and study their effects in structural vector autoregression models. We find that monetary policy shocks reduce output and prices while tightening financial conditions. Fed-responds-to-news shocks, by contrast, raise output and prices and ease financial conditions. Finally, central bank information shocks increase output on impact, despite rising interest rates, spreads, and excess bond premia.

"On The Empirics of Optimal Tax policy Under Parameter Uncertainty." I study optimal tax policy when policymakers need to estimate and draw inferences regarding structural parameters from data. I show the standard practice is not valid in finite sample and demonstrate that using the policymaker welfare function as the loss function can be used to provide a Bayesian alternative in the finite sample case.

WORKING PROJECTS

The Asymmetric Effects of Business Cycle Shocks on RD Investment.*with Filippo Massari and Hedieh Shadmani* Endogenous growth theory predicts that business cycle shocks that temporarily displace RD from its trend have a permanent effect on productivity. If shocks and RD responses are symmetric, the effects of negative and positive shocks cancel each other out over a sufficiently long period of time. Instead, the presence of any asymmetry introduces a link between business cycle shocks and the time average of productivity growth. We employ a Bayesian vector autoregression (VAR) with endogenous regime switching to detect whether the impulse response functions of RD and total factor productivity (TFP) exhibit discontinuities based on the labor and credit market conditions.

The Dynamic Macroeconomic Impact of Pension Spending: Evidence from Brazil I provide new estimates of the government spending multiplier in the Brazilian economy from 1990-2020 using pension reforms to construct a government spending instrument. According to my early results, the multiplier in Brazil is positive and between 0.7 and 1.8.

TEACHING EXPERIENCE

Fall 2025 - Present	Principles of Microeconomics Undergraduate Level Fairfield University
Fall 2023 - Spring 2025	Intermediate Macroeconomics Undergraduate Level Boise State University
Spring 2024 - Spring 2025	International Economics Undergraduate Level Boise State University
Fall 2023 - Spring 2025	Principles of Macroeconomics Undergraduate Level Boise State University
Fall 2021 – Spring 2022	Economic Forecasting Advanced Undergraduate Level University of Illinois at Urbana-Champaign

PRESENTATIONS

2025	Fairfield University, Southern Economic Association (Upcoming)
2024	The Econometrics Society European Winter Meeting, Boise State University
2023	The Bank of Canada, Boise State University
2022	The University of Illinois at Urbana-Champaign

AWARDS AND GRANTS

Summer 2021	Summer Research Award University of Illinois at Urbana-Champaign
Fall 2016 - Spring 2023	Economics Department Graduate Fellowship University of Illinois at Urbana-Champaign
Spring 2016	<i>Magna Cum Laude</i> Master's Degree Federal University of Ceará
Fall 2014	<i>Magna Cum Laude</i> Bachelor's Degree Federal University of Ceará
2012	Best Research Paper, Program of Tutorial Education Federal University of Ceará

OTHER SERVICES

Referee Reports	Quarterly Review of Economics and Finance
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TECHNICAL SKILLS AND LANGUAGES

Programming Languages	R, Matlab, $\text{\LaTeX}$, SQL Portuguese (Native), English (Fluent)
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REFERENCES

Professor Mark Daniel Bernhardt University of Illinois at Urbana-Champaign	danber@illinois.edu David Kinley Hall, 1407 W Gregory Dr Urbana, IL 61801 United States
Marcelo Cunha Madeiros University of Illinois at Urbana-Champaign	marcelom@illinois.edu David Kinley Hall, 1407 W Gregory Dr Urbana, IL 61801 United States
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