JUAN ZURITA

RESEARCH STATEMENT

juan.zurita@ed.ac.uk · https://sites.google.com/view/juan-zurita/home

April, 2026

I completed a four-year Ph.D. in Economics program at the University of Technology Sydney (UTS), Australia, in 2023. I am currently a Lecturer (Early Career Researcher) at the School of Economics, University of Edinburgh. My primary research fields are macroeconomics and applied econometrics with a focus on labour supply, fiscal policy and credit markets.

My Research

During my doctoral studies, I contributed to three research papers. The three of them, conducted as a 'solo authored', conform my PhD thesis titled "Credit Markets and the Macroeconomy". Two of these articles have been published in *Macroeconomic Dynamics* and in the *International Review of Economics and Finance*.

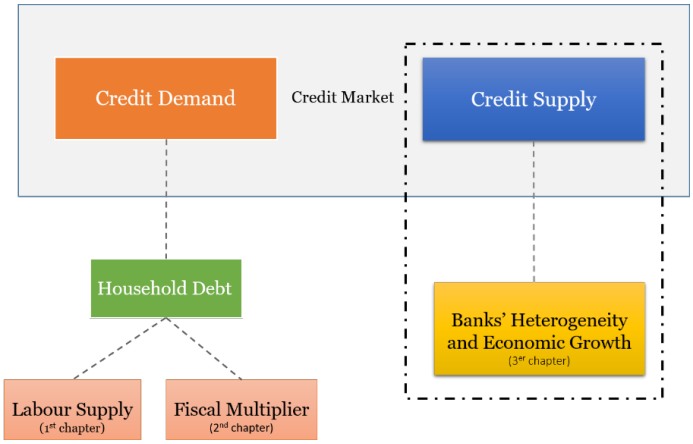
Credit Markets and Labour Supply

My research examines specific topics of the demand and supply of credit markets (see Figure 1). One of my papers contributes to economic literature on precautionary behavior which claims that households use their labour supply as a self-insurance mechanism as much, if not more than savings. My main finding is that debt commitments increase labour supply responses and accentuate negative income effects when labour earnings decline. I also find that households' assets and debt distribution are important in understanding the magnitude of labour supply responses. This signifies that a highly indebted economy with low labour productivity may change its steady state to a lower growth path with high household reliance on labour earnings.

Credit Markets and Fiscal Policy

My research also contributes to the literature studying whether the effects of fiscal policy on economic growth differ depending on the private state of the economy. By measuring the fiscal multiplier in periods of high and low household debt, I add to growing literature on the state dependent effects of policy changes. My main finding is that the medium- and long-term effects of government spending tend to be higher if fiscal expansion takes place during periods of low household debt. Similarly, consumption responses after an increase in government expenditure are less persistent in periods of high household debt. This paper has been published in *Macroeconomic Dynamics*. Subsequently, I extended this work to analyse how debt levels

Figure 1: Credit Markets and the Macroeconomy



affect monetary policy transmission; this extension is currently under revise-and-resubmit (*R&R - round 1)* at *Macroeconomic Dynamics*.

Banking Heterogeneity and Credit Supply

Another line of my research contributes to the literature that studies banking heterogeneity to explain credit expansions and the transmission mechanism of monetary policy. I show that bank equity distribution matters for understanding the impact of credit supply on economic growth. I show that areas exposed to mortgage lenders with higher levels of bank equity experience higher levels of economic growth and employment. I also show that the role of bank equity distribution differs among lending supply channels. While bank equity distribution sheds light on how the mortgage channel mechanism works, it does not have the same explanatory power for the business lending channel. I conjecture that credit allocation in the business lending channel is more influenced by risk-return trade-off decisions. This paper has been published at the *International Review of Economics and Finance* in January 2026.

Ongoing Projects

One of my ongoing projects, titled *"The Bank Profit Channel"* with Frank Le, aims to study income gaps by providing empirical evidence on banking profit heterogeneity and monetary policy decisions. It contributes to the literature on monetary policy transmission by unifying the income (cash-flow) and deposit (funding-cost) channels within a single empirical and analytical framework, thereby extending the insights of Gomez, Jermann, and Schmid (2021) and Drechsler et al. (2017). We show that bank heterogeneity, in particular, differences in income gaps, deposit reliance, capitalization, and size, plays a key role in shaping how banks adjust their lending in response to interest rate shocks. By linking banks' maturity mismatch (captured by the income gap) to their funding composition, we uncover a cross-balance-sheet interaction: banks with positive income gaps benefit from rising rates only when they are not heavily deposit-dependent, whereas strong

deposit reliance offsets these gains through slower liability repricing. Using quarterly U.S. bank-level data, we estimate both channels jointly and provide new cross-sectional evidence that small, deposit-reliant banks transmit policy mainly through the deposit channel, while larger, market-funded banks respond more strongly through the income channel. Overall, our findings reveal that the composition of the banking sector critically influences how monetary policy affects credit supply, an interaction overlooked when the two channels are studied separately.

Another ongoing project (*"The Heterogeneous Effects of Capital Requirements on Credit Supply"*) studies the winners and losers of an increase in capital requirements across banks. I analyse how changes in regulatory capital ratios affect different categories of lending - real estate, business, credit card, and consumer loans - and how these effects vary across banks of different sizes. By doing so, I identify the lending channels and size of banks through which capital requirements have the strongest influence on aggregate credit supply. I rationalise my empirical findings using a quantitative model, which shows that increases in capital requirements have a larger impact on credit supply among small banks and an almost zero effect among larger banks. My results suggest that the effects of increasing capital requirements are diminishing on market concentration among large banks.

My research also includes structural modeling. I am Principal Investigator on a *Royal Society of Edinburgh*-funded project examining whether higher labour productivity growth can support long-term fiscal consolidation in the United Kingdom (*"Labour Productivity Growth and the Fiscal Sustainability Programme in the United Kingdom"*). Using a dynamic stochastic general equilibrium (DSGE) framework that incorporates structural breaks in productivity trends, I study how sustained productivity improvements interact with fiscal rules and debt dynamics. This project contributes directly to contemporary UK policy debates and strengthens links between academic research and fiscal institutions.

Juan Zurita
Lecturer in Economics / Early Career Researcher
School of Economics, University of Edinburgh
30 Buccleuch Place, Newington, Edinburgh EH8 9JT, United Kingdom