

Title: Supply Chain Networks and the Macroeconomic Expectations of Firms

Speaker: Prof. Jordan Norris, NYU Abu Dhabi

Area: Economics

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Abstract:

In a randomized control trial of customer-supplier firm pairs in New Zealand, we treat with information one firm in a pair and analyze the treatment's effects on the expectations and actions of both the directly treated firms (direct effect) and connected firms that did not directly receive information (spillover effect). The direct and spillover effects on expectations and actions are significant and of comparable magnitude. Higher expected future real GDP growth increases prices and employment, while greater uncertainty about it reduces prices, investment, and employment. We show that spillover effects on the connected firms' expectations are driven by inter-firm communication, as opposed to observable actions. This matters as we find communication to be symmetric upstream vs downstream, while propagation via actions is asymmetric. We embed inter-firm communication along the supply chain in a New Keynesian pricing problem and discuss implications for the transmission of aggregate uncertainty to prices and inflation.

Speaker Profile:



Jordan J. Norris is an Assistant Professor of Economics at New York University Abu Dhabi. He received his PhD from Northwestern University and holds a Master's degree in Theoretical Physics from the University of Cambridge.

His research interests lie at the intersection of Spatial Economics (how location affects economic activity) and Networks, motivated by viewing space as a network. His work covers topics in International Trade, Economic Geography, and Macroeconomics.

He is also a co-founder and co-organizer of the Middle East Spatial and International Economics (MESIE) Conference.

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