# OZGEN OZTURK

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## PROFILE

- PhD Candidate in Economics *(expected to finish by mid-2022)*, Master's in Economics, Bachelor's in Electrical and Electronics Engineering
- Expert in MATLAB, Stata and MS Office applications, working knowledge in R
- 5 years of teaching experience in macroeconomics and finance

## EDUCATION

**European University Institute, Florence** — *September 2017 - Present*
PhD Candidate
Department of Economics
***Supervisors:*** Russell Cooper, Árpád Ábrahám

**Middle East Technical University, Ankara** — *September 2014 - August 2017*
PhD Studies (Course work and Qualification Exam)
Department of Economics

**Middle East Technical University, Ankara** — *September 2012 - July 2014*
Master of Science — *summa cum laude*
Department of Economics
***Supervisor:*** Pinar Derin-Gure

**Hacettepe University, Ankara** — *September 2007 - June 2011*
Bachelor of Science — *magna cum laude*
Department of Electrical and Electronics Engineering

## WORK IN PROGRESS

**Debt Covenants, Investment, and Monetary Policy**

This paper studies the macroeconomic implications of firms' debt covenants. Traditional approach in the macro-finance analyses is to formulate firms' borrowing constraints based on the liquidation value of asset stocks. However, recent studies show that the type of debt covenant determines how firm debt limits are calculated, and further, prevalent form of debt covenants constrain firms' total debt by employing a measure of cash flow. To provide microfoundation for the coexistence of different forms of debt covenants and their implied borrowing constraints, I develop a heterogeneous firm, macro finance model with financial frictions featuring asset based and cash flow based debt covenants. In the model, debts are subject to limited enforceability, therefore lenders determine the terms of asset based and cash flow based debt contracts and restrict the borrowing amount. In line with the recent empirical literature, model predicts that —most of the time— small, young, highly leveraged firms have asset based debt covenants; while older, larger and low leveraged firms mostly borrow with cash flow based debt covenants. This initial set of results about the coexistence of these different debt covenant forms suggest a novel channel on the monetary policy transmission. This channel implies that as the firm's borrowing capacity itself is heterogeneously affected by monetary policy shocks, firm heterogeneity in terms of debt covenants plays a strong role on the tightness of borrowing constraints, and thus shapes the monetary policy transmission.

**TFPR: Dispersion and Cyclicality** *(with Russell Cooper)*

This paper investigates the cyclicality of productivity dispersion and its interactions with price, demand and monetary shocks. The uncertainty literature studies the effects of uncertainty over the dispersion of productivity on investment activity. This finding plays a major role in recent business cycle theories, since the dispersion of revenue based measure of total factor productivity (TFPR) has been shown to be counter-cyclical. In our paper, we study the determinants of TFPR and examine its cyclical behavior under different uncertainty and monetary regimes. In the stationary equilibrium of this economy, TFPQ –quantity based measure of total factor productivity and TFPR differ due to endogenous price adjustment. We show that the dispersion of TFPR need not mimic the dispersion in TFPQ depending on the price adjustment behavior of the firms and how hawkish the central bank is. Drastic monetary shocks force many firms to adjust their prices (otherwise they would leave their prices unchanged) which make prices more flexible, leading to a weaker monetary policy. Uncertainty forces more firm to adjust, which undermines monetary policy effectiveness. **[Earlier NBER version]**

**Sectoral Volatility, and Investment Channel of Monetary Policy** *(with Thomas Walsh)*

This paper investigates how the dispersion of firm-level shocks affects the investment channel of monetary policy. Using firm-level panel data, we construct several measures of dispersion of productivity shocks, time-pooled and time-varying, and interact high-frequency identified monetary policy shocks with these measures of idiosyncratic shock volatility. We document a novel fact: monetary policy has dampened real effects via the investment channel when firm-level TFP shock volatility is high. Our estimates for dampening effects of volatility are statistically and economically significant - moving from the tenth to the ninetieth percentile of the volatility distribution approximately halves point estimates of impulse response functions to contractionary monetary policy shocks. Given that dispersion rises in recessions, these findings offer further evidence as to why monetary policy is weaker in recessions, and emphasize the importance of firm heterogeneity in monetary policy transmission.

## PREVIOUS WORK EXPERIENCE

**Middle East Technical University - Department of Economics, Ankara - Turkey**
*Research/Teaching Assistant*
*November 2012 - August 2017*

**Science and Research Council of Turkey, Ankara - Turkey**
*Research Assistant*
*May 2015 - October 2017*

## GRANTS

**European University Institute Fourth Year Grant, Florence - Italy**
*September 2020 - August 2021*

**Italian Ministry of Foreign Affairs Grant, Florence - Italy**
*September 2017 - August 2020*

**Scientific and Technological Research Council, Ankara - Turkey**
*Research Fund #114K957*
*May 2015 - October 2017*

**Council of Higher Education Grant, Ankara - Turkey**
*Research Fund with Government Contract*
*November 2012 - August 2017*

## RESEARCH INTERESTS

- Macroeconomics,
- Firm Dynamics,
- Monetary Economics,
- Corporate Finance

## COMPUTER SKILLS

MATLAB, Stata, R, EViews, LaTeX, Microsoft Office

## LANGUAGES

English *(Fluent)*, Turkish *(Native)*, Spanish *(Beginner)*

## REFERENCES

**Russell Cooper**
*Supervisor*

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