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PLACEMENT OFFICER

David K. Levine

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EMPLOYMENT

Bank of England, London

July 2022 - Present

Economist

Monetary Analysis Directorate

RESEARCH INTERESTS

Macroeconomics, Firm Dynamics, Monetary Economics, Corporate 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 Contracts, Investment, and Monetary Policy

This paper studies the role of debt contracts on the transmission of monetary policy to firm-level investment and borrowing. Empirically, using information from detailed loan-level data matched with balance sheet data and stock return data, I document that in response to a contractionary monetary shock, asset-based borrowers –firms with more

pledgeable assets, and higher beta— experience sharper contraction in borrowing and investment than cash flow-based borrowers —firms with higher profitability and alpha. Despite constituting only 15% of the total investment, 64% percent of total investment *response* to monetary policy shocks are initiated by asset-based borrowers. To explore the possible channels and provide microfoundation for the coexistence of these debt contracts, I set up a heterogeneous firm New Keynesian model with limited enforceability. The quantitative model suggests that the traditional collateral channel explains this heterogeneous sensitivity as cash flow-based borrowers are less susceptible to collateral damage from changes in asset prices. Results indicate that debt contract type affects the severity of financial frictions and shapes monetary policy transmission.

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

This paper studies the determinants of TFPR, a revenue based measure of total factor productivity. Recent business cycle models are built upon the assumption of countercyclical dispersion in TFPQ, a quantity based measure of total factor productivity, based on evidence of countercyclical dispersion in TFPR. But, these can be very different measures of productivity. The distribution of TFPR is endogenous, dependent upon exogenous shocks and the endogenous determination of prices. An overlapping generations model with monopolistic competition and state dependent pricing is constructed to study the factors that shape the TFPR distribution. The empirical focus is on three key data patterns: (i) countercyclical dispersion of TFPR, (ii) countercyclical dispersion of price changes and (iii) countercyclical frequency of price adjustment. The analysis uncovers two interesting scenarios in which these moments are matched. One arises in the presence of shocks to the dispersion of TFPQ along with a negatively correlated change in the mean of TFPQ. The second arises if the monetary authority responds to shocks to the dispersion of TFPQ by “leaning against the wind”. Due to state contingent pricing, the model is nonlinear. Simple correlations mask these nonlinearities of the underlying economy. The real effects of monetary innovations are state dependent, with monetary policy less effective in recessions.

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

COMPUTER SKILLS

MATLAB, Stata, Dynare, L^AT_EX, R(working knowledge)

LANGUAGES

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

REFERENCES

Russell Cooper
Supervisor

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Supervisor

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