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
- Excellent writing & presentation skills
- 5 years of teaching experience in macroeconomics and finance
- Keen to pursue career in a central bank

EDUCATION

European University Institute, Florence *September 2017 - Present*
PhD Candidate
Department of Economics
Supervisors: Russell Cooper, Arpad Abraham

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)*

My second work (coauthoring with Prof. Russell Cooper) investigates the cyclicality of productivity dispersion and its interactions with price, demand and monetary shocks. In the uncertainty literature, a prominent example is [**?**] which 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, hereafter 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. [**?**] find monetary policy is less effective during recessions, and here we provide an additional channel: increased uncertainty during recessions. **[Earlier NBER version]**

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

This paper empirically investigates how the dispersion of firm-level shocks affects firms' investment behaviour, and its implications for monetary policy effectiveness. Using firm-level panel data, this paper explores how changes in volatility of idiosyncratic productivity - both in the cross-section and panel dimensions - affects monetary policy transmission via the investment decisions of firms – with policy having dampened real effects due to higher volatility of shocks. Given that uncertainty rises in recessions, these findings are able to explain why monetary policy is weaker in recessions.

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)*

REFERENCES

Russell Cooper
Supervisor

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