

Diego R. Känzig

Curriculum vitae

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Education

Since 2018 **London Business School**, PhD in Economics
Thesis title: "Climate change, inequality and the macroeconomy"
Expected completion date: June 2022

References:

Professor Paolo Surico (Advisor)

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Professor Hélène Rey

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Professor João Cocco

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2021 **University of Chicago**, Visiting Graduate Student

2016 – 2018 **London Business School**, MRes in Economics

2013 – 2015 **Universities of Bern and Basel**, MSc in International and Monetary Economics
Summa cum laude, GPA 6.00/6

2010 – 2013 **University of Bern**, BSc in Economics
Insigni cum laude, GPA 5.72/6

Teaching and research fields

Primary: Macroeconomics/Macro-Finance

Secondary: Climate and Energy, Inequality, Household Finance

Research

Job market paper

The unequal economic consequences of carbon pricing

Abstract: This paper studies how carbon pricing affects emissions, economic aggregates and inequality. Exploiting institutional features of the European carbon market and high-frequency data, I identify a carbon policy shock. I find that a tighter carbon pricing regime leads to a significant increase in energy prices, a persistent fall in emissions and an uptick in green innovation. This comes at the cost of a temporary fall

in economic activity, which is not borne equally across society: poorer households lower their consumption significantly while richer households are less affected. Not only are the poor more exposed because of their higher energy share, they also experience a larger fall in their income. These indirect effects account for over 80 percent of the aggregate effect on consumption. A climate-economy model with heterogeneity in households' energy shares, income incidence and marginal propensities to consume is able to account for these facts.

Publications

The macroeconomic effects of oil supply news: Evidence from OPEC announcements, *American Economic Review*, 111(4), 2021, 1092-1125

Abstract: This paper studies how changes in oil supply expectations affect the oil price and the macroeconomy. Using a novel identification design, exploiting institutional features of OPEC and high-frequency data, I identify an oil supply news shock. These shocks have statistically and economically significant effects. Negative news leads to an immediate increase in oil prices, a gradual fall in oil production, and an increase in inventories. This has consequences for the US economy: activity falls, prices and inflation expectations rise, and the dollar depreciates, providing evidence for a strong channel operating through supply expectations.

Capital and income inequality: an aggregate-demand complementarity (with Florin O. Bilbiie and Paolo Surico), 2021, *accepted at Journal of Monetary Economics*

Abstract: A novel complementarity between capital and income inequality leads to a significant amplification of the effects of aggregate-demand shocks on consumption. We characterize this finding using a simple model with heterogeneity in household saving and income, nominal rigidities, and capital. A fiscal policy that redistributes capital income causes further amplification, whereas redistributing profits generates dampening. After an interest rate shock, consumption inequality is more countercyclical than income inequality, consistent with the available empirical evidence. Procyclical investment also requires a more aggressive Taylor rule in order to attain determinacy, and aggravates the forward guidance puzzle.

The distributional impact of the pandemic (with Sinem Hacıoglu and Paolo Surico), *European Economic Review*, 134, 2021, 103680

Abstract: The top quartile of the income distribution accounts for almost half of the pandemic-related decline in aggregate consumption, with expenditure for this group falling much more than income. In contrast, the bottom quartile of the income distribution has seen the smallest spending cuts and the largest earnings drop but their total incomes have fallen by much less because of the increase in government benefits. The decline in consumers' spending preceded the introduction of the lockdown, whose partial lifting has triggered a stronger recovery in sectors with a lower contact rate. The largest spending contractions are concentrated in the most affluent regions. These conclusions are based on detailed high-frequency transaction data on spending, earnings and income from a large fintech company in the United Kingdom.

International inflation spillovers – the role of different shocks (with Gregor Bäurle and Matthias Gubler), *International Journal of Central Banking*, 17(1), 2021, 191-230

Abstract: How do international price fluctuations spill over to country-specific inflation? We show that accounting for the drivers of international inflation and their effects on overall economic conditions is crucial to getting a more thorough view of spillover effects. We find substantial heterogeneity in the magnitude of spillovers, depending on the shocks driving inflation abroad. While all identified shocks are inflationary, their effects on activity, interest rates, and exchange rates differ. Disaggregated price responses suggest that these general equilibrium effects are important. We show this by looking at spillovers to Switzerland using a structural dynamic factor model relating disaggregated prices to key macroeconomic factors.

Work in progress

Climate policy uncertainty (with Johan Moen)

The granular effects of carbon pricing (with Hélène Rey and Jinglun Yao)

Energy prices, inequality, and aggregate demand**Housing booms and monetary policy****Awards and grants**

2021	Winner ECB Young Economist Competition (€10,000)
2021	AQR Asset Management Institute Fellowship Award (£10,000)
2021	Wheeler Institute for Business and Development PhD Award (£15,000)
2021	IAEE Best Student Paper Award
2021	Finalist QCGBF Young Economist Prize
2020	Professor Sir James Ball PhD Award, London Business School (£10,000)
2019	Research Grant from the Wheeler Institute for Business and Development (£20,000)
2019	Dwyer Ramsey Prize for the best student paper at the 27th SNDE Symposium
2016	PhD Programme Scholarship, London Business School
2016	Best Master's Degree, Faculty of Economics and Social Sciences, University of Bern
2016	VBW Excellence Award for Outstanding Master's Thesis
2015	Schmeller Prize for Best Master's Thesis

Professional activities

Referee for: Review of Economic Studies, American Economic Review: Insights, European Economic Review, Journal of Economic Dynamics and Control, Journal of Money, Credit and Banking, The B.E. Journal of Macroeconomics, Empirical Economics, Energy Economics, Fiscal Studies, Journal of Commodity Markets

Teaching experience

Undergraduate

2014, 2015	Econometrics I (Bachelor level), University of Bern
2013	Time Series Analysis I (Bachelor level), University of Bern

Graduate

2017, 2018	Macroeconomics I (PhD level), London Business School
2014	Essential Mathematics for Economists (Master level), University of Bern
2014	Time Series Analysis II (Master level), University of Bern

Research experience

6/2017 – 7/2020	Research Assistant for Paolo Surico, London Business School
9/2019 – 7/2020	PhD Intern, Bank of England
5/2018 – 7/2019	Academic Visitor, Bank of England
9/2015 – 6/2016	Intern Inflation Forecasting, Swiss National Bank
6/2014 – 8/2015	Quantitative Analyst, Credit Suisse

Presentations

2022	Brussels Economic Forum*, European Central Bank*, Macroeconomic Workshop Berlin*, ASSA Meeting*
2021	SEA Conference, EC ² Conference, University of Chicago Capital Theory Seminar, University of Notre Dame, Bank of Italy, IWH-CIREQ-GW Macroeconometric Workshop, Chicago Booth Brownbag, FRB Chicago, FRBSF Climate Risk Workshop, ECB Forum, CEBRA Commodities and Macro Workshop, Bank of England, MMF Conference, EEA Conference, YES Conference, SED Meeting, IAAE Conference, NuCamp PhD Workshop, IAAE online Conference, QMUL Economics and Finance Workshop,

	Ghent Workshop on Empirical Macro, QCGBF Conference, LBS Economics Seminar, LBS Brownbag, ASSA Meeting
2020	University of Neuchâtel, Bank of England, VMACS Junior Conference, NBER Macro Annual Conference [†] , LBS Brownbag, ASSA Meeting
2019	SEA Conference, CFE Conference, EEA Conference, NBER Summer Institute [†] , IJCB annual conference [†] , IAAE conference, Ghent Workshop on Empirical Macro, QMUL Workshop in SVARs, Swiss National Bank, Now-casting, SNDE Conference
2018	SEA Conference, TADC Conference, LBS Brownbag
2017	Now-casting
2016	Swiss National Bank, Credit Suisse

**scheduled, [†]participated*

Workshops and selected coursework (in addition to core PhD classes)

2019	Empirical Macro Finance (LBS)
2018	Advanced Macro: Models with Heterogeneous Agents (UCL), Labour Economics for Research Students (LSE), EABCN Training School Heterogeneous Agent Models in Continuous Time (Mannheim), EABCN Training School Oil and the Macroeconomy (Florence)
2017	Macroeconomics for Research Students (LSE), Financial Economics I/Asset Pricing (LBS), Tools for Macroeconomists Summer School (LSE)
2015	Applied Dynamic Programming (University of Bern)
2014	Macroeconometrics Summer School (Barcelona GSE)

Skill set

Programming

Matlab, R, Julia, Python, SQL

Software

Statistics and Economics: Stata, EViews, Dynare
 Word processing and version control: Latex, MS Office, Git, Github

Languages

German (native), English (C2), Spanish (B2), French (B2)