

# Diego R. Känzig

## Curriculum vitae

*Last updated: 10-2021*

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| Web         | diegokaenzig.com   |
| Citizenship | Swiss  |

**Placement director:** Professor Paolo Surico, psurico@london.edu, +44 20 7000 8429

**Placement administrators:** Eleanor Burke, eburke@london.edu, +44 20 7000 8420  
Florentina Dragusha, fdragusha@london.edu, +44 20 7000 8431

## Education

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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)**

London Business School  
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#### **Professor Hélène Rey**

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#### **Professor Florin Bilbiie**

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#### **Professor João Cocco**

London Business School  
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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

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Primary: Macroeconomics

Secondary: Climate and Energy, Inequality, Household Finance

## Research

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### 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 barely 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 play a crucial role in the transmission, accounting for over 80 percent of the aggregate effect on consumption. My results suggest that targeted fiscal policy can reduce the economic costs of carbon pricing without compromising emission reductions.

## 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.

**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.

## Working papers

**Capital and income inequality: an aggregate-demand complementarity** (with Florin O. Bilbiie and Paolo Surico), 2021, *R&R 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.

## 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**

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| 2021 | Winner ECB Young Economist Competition (€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**

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Referee for: 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**

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**Undergraduate**

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

**Graduate**

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| 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**

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|-----------------|---|
| 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**

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| 2022 | ASSA Meeting*  |
| 2021 | Macroeconomic Workshop Berlin*, Bank of Italy*, University of Notre Dame*, 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, IAEE 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 <sup>†</sup> , LBS Brownbag, ASSA Meeting  |

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| 2019 | SEA Conference, CFE Conference, EEA Conference, NBER Summer Institute <sup>†</sup> , IJCB annual conference <sup>†</sup> , 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, <sup>†</sup>participated*

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

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| 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

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#### 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)