Ekaterina Shabalina

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Education

2018 - current	PhD in Economics **Goethe University, GSEFM program** | Frankfurt am Main
2022, Spring	Visiting Graduate Student **University of Minnesota** | Minneapolis
2016-2018	Master degree in Economics **Higher School of Economics, Research Programme** | Moscow
2012-2016	Bachelor degree in Applied Physics and Mathematics **Moscow Institute of Physics and Technology** | Moscow Department of Innovations and High Technology
2012-2016	Bachelor degree in Economics with Honors **The Russian Presidential Academy of National Economy and Public Administration** Department of Economics | Moscow

Research Fields

Primary:	Macroeconomics, Heterogeneous Agent Models
Secondary:	International Economics, Labor Economics

References and Job Market Paper

References:

Professor Ester Faia
Goethe University, Frankfurt
and CEPR

Marianna Kudlyak, PhD
Federal Reserve Bank of San Francisco
and Hoover Institution

Professor Alexander Meyer-Gohde
Goethe University, Frankfurt
and IMFS

Professor David Wiczer
Stony Brook University,
New York

Job Market Paper: "Wealth, Uninsurable Idiosyncratic Risk and International Risk-Sharing"

Abstract: This paper evaluates the role of uninsurable idiosyncratic risk and wealth distribution in international risk-sharing. The dynamics of net international capital flows in a HANK model featuring idiosyncratic income risk, distribution of wealth, and two types of assets (liquid and illiquid) traded with the rest of the world are determined by the relative strength of three effects: First, low consumption-smoothing ability of borrowing-constrained households dampens aggregate savings responses to business cycles. Second, idiosyncratic risk increases the savings of unconstrained households. Finally, endogenous changes in the share of constrained households amplify savings responses when idiosyncratic risk is high and wealth levels are low; in the reverse scenario, responses are dampened. Quantitative simulations show that the first effect dominates the latter two. As a result, the current account is more countercyclical in HANK than in RANK. The gross international position, which in a HANK model arises from cross-country trade in two types of assets, is long in illiquid assets and short in liquid assets during expansions in a wealthy country. A wealth-poor country holds the opposite position. Idiosyncratic risk shifts the composition of assets in favor of larger liquid asset investments. Two household-level surveys were used to calibrate the model devised in this paper to the wealth-rich US and wealth-poor Russian economies, and to obtain empirical responses of the respective share of borrowing-constrained households to TFP shocks.

Working papers

"Monetary Policy and Wage Inequality: the Labour Mobility Channel"
with Ester Faia, Marianna Kudlyak and David Wiczer, 2022

"Estimation and Forecasting using Mixed Frequency DSGE Models"
with Alexander Meyer-Gohde, 2022

"Dynamic Labor Reallocation with Heterogeneous Skills and Uninsured Idiosyncratic Risk"
with Ester Faia and Marianna Kudlyak, CEPR Discussion Paper No. DP16008, 2021

"The change of fiscal multiplier when switching from managed exchange rate regime to the floating one", Higher School of Economics Research paper No. WP BRP 206/EC/2018

Work Experience

Present Mar 2020	Research Assistant for Ester Faia Goethe University *Chair in Monetary and Fiscal Policy*
Aug 2018 Feb 2016	Leading economist Central Bank of Russia *Monetary policy department*
Aug 2018 Feb 2018	Junior Research Fellow National Research University Higher School of Economics | Moscow *Laboratory for Macroeconomic Analysis*
2016 2014	Junior Research Fellow The Russian Presidential Academy of National Economy and Public Administration | Moscow *Student Center of Institute of Applied Economic Research*

Conferences

2022	4th Warsaw Money-Macro-Finance Conference, VfS Annual Conference, FFM and Mannheim Workshop* *Wealth, Uninsurable Idiosyncratic Risk and International Risk-Sharing* *also chaired a Monetary Policy session
	QCGBF Virtual Seminar Series* *Monetary Policy and Wage Inequality: the Labour Mobility Channel*
2021	ESSIM*, SED*, MacCALM* *Dynamic Labor Reallocation with Heterogeneous Skills and Uninsured Idiosyncratic Risk* *presented by a coauthor
2019	Third Research Conference of the Macroeconomic Modelling and Model Comparison Network (MMCN) | Frankfurt am Main
2016	Gaidar Forum 2016 "Russia and the World: Prospection" | Moscow *Effectiveness of Central bank interventions*
2015	Gaidar Forum 2015 "Russia and the World: New Dimensions" | Moscow *First and Second type of errors in decision making*

Teaching Experience

Goethe University:

Graduate	Advanced Macroeconomic Theory*, Ph.D. Seminar: Macro Models with Heterogenous Agents and Frictions
Undergraduate	Fundamentals of Macroeconomics, International Macroeconomics*

* in Spring 2023

Honors, awards and grants

2018-2020	Goethe Goes Global scholarship
2018	Abramov Fund scholarship for excellent academic performance
2014 - 2016	Sberbank scholarship
2012 - 2014	Morgan Stanley scholarship

Certificates

2021	MACROECONOMICS - Understanding macroeconomic fluctuations **Paris School of Economics Summer School**
2015-2016	Quantitative analysis WITH HONORS **Center of Mathematical Finance at Moscow State University** | Moscow
Oct 2017	Model-Based Monetary Policy Analysis and Forecasting **Joint Vienna Institute** | IMF
Jun 2016	Short-time Forecasting: Classical Methods and New Approaches **Bank of Italy**
Jan - May 2015	Course "The auction theory" with EXCELLENT GRADE **Yandex Data Analytics school** | Moscow

Computer skills

Mostly often used software:	Python, MatLab, Stata, Dynare, Github, LaTeX, Eviews
Have experience in working with:	IRIS, R, SQL, C, C#, C++
Databases:	PSID, RLMS, CPS, Thomson Reuters, Bloomberg

Additional Skills

Languages: English (advanced), German (intermediate), Russian (mother tongue)
Interests: Chess (Candidate in Master of Sports), dancing, painting

Paper Abstracts

"Distributional Consequences of Monetary Policy through Participation and Reallocation"

Abstract: In times of rising inequality, structural reallocation and widespread resignation we study the distributional consequences of monetary policy through labour market mobility. Using CPS monthly wage changes and occupational transitions we estimate the impact of high frequency identified monetary shocks through local projection methods and find that a tightening reduces inequality by affecting primarily separation rates of workers at the bottom of the income distribution, who are less likely to be re-employed. Their exit from the labour force results in a mean preserving spread of the distribution that reduces wage

dispersion. We then build a monetary model with uninsurable risk, agents heterogeneous in income risk, talents and wealth and in which participation and occupational allocation decisions take place through a period-by-period discrete choice optimization on value functions across occupations. The key novel transmission runs through the dependence of the transition probabilities on wealth and income. Their decline, following a tightening, increases separation and reduces re-employment probabilities, more so for workers on the bottom of the income distribution, resulting in a mean preserving spread of the wage distribution. Model-based regressions for wage inequality and separation rates match the empirical counterparts. A more equal skill distribution, induced for instance by the education system, can overturn results by fostering mobility.

"Dynamic Labor Reallocation with Heterogeneous Skills and Uninsured Idiosyncratic Risk"

Abstract: Occupational specificity of human capital motivates an important role of occupational reallocation for the economy's response to shocks and for the dynamics of inequality. We introduce occupational mobility, through a random choice model with dynamic value function optimization, into a multi-sector/multi-occupation Bewley (1980)-Aiyagari (1994) model with heterogeneous income risk, liquid and illiquid assets, price adjustment costs, and in which households differ by their occupation-specific skills. Labor income is a combination of endogenous occupational wages and idiosyncratic shock. Occupational reallocation and its impact on the economy depend on the transferability of workers' skills across occupations and occupational specialization of the production function. The model matches well the statistics on income and wealth inequality, and the patterns of occupational mobility. It provides a laboratory for studying the short- and long-run effects of occupational shocks, automation and task encroaching on income and wealth inequality. We apply the model to the pandemic recession by adding an SIR block with occupation-specific infection risk and a ZLB policy and study the impact of occupational and aggregate labor supply shocks. We find that occupational mobility may worsen the effect of the shocks but reduces earnings inequality, as compared to a model without mobility.

"Estimation and Forecasting using Mixed Frequency DSGE Models"

Abstract: In this paper, we propose a new method to forecast macroeconomic variables that combines two existing approaches to mixed-frequency data in DSGE models. The first existing approach estimates the DSGE model in a quarterly frequency and uses higher frequency auxiliary data only for forecasting (see Giannone, Monti and Reichlin (2016)). The second method transforms a quarterly state space into a monthly frequency and applies, e.g., the Kalman filter when faced missing observations (see Foroni and Marcellino (2014)). Our algorithm combines the advantages of these two existing approaches, using the information from monthly auxiliary variables to inform in-between quarter DSGE estimates and forecasts. We compare our new method with the existing methods using simulated data from the textbook 3-equation New Keynesian model (see, e.g., Galí (2008)) and real-world data with the Smets and Wouters (2007) model. With the simulated data, our new method outperforms all other methods, including forecasts from the standard quarterly model. With real world data, incorporating auxiliary variables as in our method substantially decreases forecasting errors for recessions, but casting the model in a monthly frequency delivers better forecasts in normal times.

"The change of fiscal multiplier when switching from managed exchange rate regime to the floating one"

Abstract: This study investigated the change of government spending multiplier when switching from managed exchange rate regime to the floating exchange rate regime for emerging countries. It was found that on-impact multiplier in floating exchange rate regime is smaller by 0.5 than the one in the managed exchange rate regime. In addition, it was found that the openness of the economy affects values of government spending multipliers. Also, for the first time, micro-founded government spending multiplier was estimated for Russia. The study was conducted with the use of panel SVAR and DSGE models.