

Fabio Franceschini

Contact info

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Fields of interest

Asset Pricing, Economic Growth, Green Finance

References

M. Gonzalez-Eiras	M. M. Croce	G. Cavaliere
Associate Professor	Professor of Finance	Full Professor
University of Bologna	Bocconi University	University of Bologna

Current position

Research Fellow **2023-Now**
University of Bologna, Italy
Supervisor: G. Cavaliere

Education

PhD in Economics	2024
<i>University of Bologna, Italy</i>	
Advisors: M. Gonzalez-Eiras, M. M. Croce	
<u>Visiting Student</u> at <i>London Business School, UK</i>	2022-23
Sponsor: H. Kung	
Courses: Asset Pricing (audit), Empirical Finance (audit)	
<u>Visiting Student</u> at <i>Bocconi University, Italy (Virtual)</i>	2020-21
Sponsor: M.M. Croce	
Courses: Advanced Topics in Asset Pricing (A+), Applied Asset Pricing (audit), Econometric Methods for Finance and Macroeconomics (A-)	
<u>Visiting Student</u> at <i>Vienna Graduate School of Finance, Austria (Virtual)</i>	2020
Sponsor: C. Wagner	
Courses: Asset Pricing (audit)	
MSc in Advanced Economics and Finance	2018
<i>Copenhagen Business School, Denmark</i>	
Thesis: "Intermediary Asset Pricing and Betting Against Beta"	
<u>Credit Student</u> at <i>University of Copenhagen (DIKU), Denmark</i>	2017
Courses: Machine Learning, Natural Resources Economics	

	BSc in Business Administration <i>University of Bologna, Italy</i> Thesis: "How the financial sector's development affects real growth"	2016
	HSD in Mechanical Engineering <i>I.I.S. Aldini Valeriani, Italy</i> Final dissertation: "Money"	2013
Teaching experience	Asset Pricing (G), TA to M. Eiras <i>University of Bologna, Italy</i>	2022-25
	Financial Econometrics (G), TA to G. Moramarco <i>University of Bologna, Italy</i>	2024-25
	Asset Pricing (G), TA to G. Camera <i>University of Bologna, Italy</i>	2021
	Financial Economics (Ug), TA to G. Camera <i>University of Bologna, Italy</i>	2020
	Macroeconomics 2 (Ug), TA to A. Sørensen <i>Copenhagen Business School, Denmark</i>	2018
Academic services	Refereeing <i>Ecological Economics</i>	
	Representative of research fellows in the Department Council <i>University of Bologna, Italy</i>	2024
	Sole representative of PhD students in the Department Council <i>University of Bologna, Italy</i>	2019-22
	Organizer of a Reading Group in Macro-Finance <i>University of Bologna, Italy</i>	2019-21
Previous positions	Research Assistant <i>Copenhagen Economics A/S, Denmark</i>	2017
	Planning and Control Intern <i>Bologna Local Health Authority, Italy</i>	2014
Grants and honors	"Marco Polo Mobility Scholarship", University of Bologna	2022-23
	"PhD Scholarship", University of Bologna	2018-23
	"Er.Go Scholarship", Regional Authority for the Right to Higher Education	2013-16
	"Best laboratory report", Laboratory of Excellence 'Aldini-Ducati'	2012
Relevant IT skills	Advanced: \LaTeX , R Basic: Matlab, Python, MS Excel, Stata, MS Access	

Personal

Citizenship: Italian
Gender: Male
Languages: Italian, English
Hobbies: Basketball player, hiking enthusiast

Research papers

The Long-Run Innovation Risk Component

This paper provides evidence that aggregate Research and Development (R&D) intensity drives a persistent component in productivity growth and that this embodies a risk priced in financial markets. The analysis relies on a definition of R&D intensity that is cast in a semi-endogenous growth model, which results in an empirically stationary process, contrary to the fully endogenous case. This allows to reliably document its forecasting power of relevant macroeconomic variables as well as the significance of the cross-sectional risk premium associated to stocks' cash-flows sensitivities to it.

Does CAPM Overestimate More the Risk or Its Price?

CAPM is known to empirically underestimate expected returns of low-risk assets and overestimate those with high risk. This paper studies how risks omission and funding tightness jointly contribute to explaining this anomaly, with the former affecting the definition of assets' riskiness and the latter affecting how risk is remunerated. Theoretically, the two effects are shown to counteract each other. Empirically, the spread related to binding leverage constraints is found to be significant at 2% yearly. Nonetheless, average returns of portfolios that exploit this anomaly are found to mostly reflect omitted risks, contrasting how they have been used in previous analysis.

Research in progress

Are You Betting On Sustainability?

When sustainability of assets is appreciated, its effect on discount rates does not only depend on the sustainability of the asset priced, but it is intrinsically mediated by the risk profile of the asset. This has implications for the assessment of the sustainability-related spread and for hedging shocks to sustainability concern. Specifically, (1) long-short portfolios of assets sorted on sustainability can average returns with a sign unrelated to the actual sustainability spread and, consequently, (2) the effectiveness of more sustainable assets in hedging changes to sustainability concerns depends on their "sustainability intensity" and their risk *jointly*. Estimations employing the Refinitiv ESG scores for US stocks shows a weak sustainability premium, whose significance, importantly, diverges from that of average return of a plain long-short portfolio.

Granular Physical Climate Uncertainty

The Long-Run Temperature Risk Component