

# Essay on Uncertainty at Firm and Aggregate Levels <sup>★</sup>

Pardish Kummer

April 2021

## Abstract

In this paper I discuss recent developments in uncertainty literature. In particular, I argue that investment uncertainty is increasing growth in China. This findings are consistent with Segal (2019) but apply to international markets.

JEL Classification: E32, G12

Keywords: Uncertainty, Risk

---

<sup>★</sup>Kummer: (pardishkum@gmail.com), Indian School of Technology and Science - Agra

# 1 Introduction

I collect data on the relative price of investment goods and then construct IST for Chinese markets. I follow the methodology of Segal (2019). I find that this volatility increases GDP of China controlling for the lagged level of GDP. I do not find that this volatility has a positive factor risk premium, however. This is broadly consistent with Segal (2019), but inconsistent with the uncertainty implications of Bansal and Yaron (2004).

# 2 Conclusion

[To be completed]

# References

- Bansal, R., Yaron, A., 2004. Risks for the long run: A potential resolution of asset pricing puzzles. *The journal of Finance* 59, 1481–1509.
- Segal, G., 2019. A tale of two volatilities: Sectoral uncertainty, growth, and asset prices. *Journal of Financial Economics* 134, 110–140.