



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
BERGHEIMER STR. 58, 69115 HEIDELBERG, TEL. 06221/54-2941
REDAKTION: FREYA SCHADT, EMAIL: NEWSLETTER@AWI.UNI-HEIDELBERG.DE

Upcoming Seminars

Monday, 27.11.2017

Departmental Seminar

13.30-14.30

AWI 00.010

Marie Hoerova, European Central Bank Frankfurt

(invited by Christian Conrad)

"The Macroeconomic Impact of Money Market Disruptions"

Tuesday, 28.11.2017

Economics and Politics Seminar

13.45-14.45

AWI 01.030

Niklas Potafke

"The Democratic-Republican presidential growth gap and the partisan balance of the state governments"

Wednesday, 29.11.2017

Internal Seminar

12.15-13.15

AWI 00.010

Marcel Preuss

"Consumer Search with and without Tracking"

Wednesday, 29.11.2017

Macro & Econometrics Seminar

14.00-15.00

AWI 01.030

Alexander Glas

"Do macroeconomic forecasts improve predictions of future stock market volatility?"

Departmental Seminar

Marie Hoerova

"The Macroeconomic Impact of Money Market Disruptions"*

We build a general equilibrium model featuring unsecured and secured interbank markets, and collateralized central bank funding. The model is calibrated and used to analyse the macroeconomic impact of three key developments observed in the European money markets since 2008: i) the reduced ability of banks to access the unsecured market since the onset of the global financial crisis and the shift to secured market funding; ii) the impaired functioning of the secured market during the sovereign crisis; iii) the increased reliance of banks on central bank funding. We find that disruptions in interbank markets, as observed during the financial and sovereign debt crises, generate a sizeable impact on real activity.

*with Fiorella de Fiore and Harald Uhlig

Economics and Politics Seminar

Niklas Potrafke

"The Democratic-Republican presidential growth gap and the partisan balance of the state governments"

Higher economic growth was generated during Democratic presidencies compared to Republican presidencies in the United States. The question is why. Blinder and Watson (2016) explain how the Democratic-Republican presidential growth gap (D-R growth gap) can hardly be attributed to different policies under Democratic presidents – Democratic presidents partly just had good luck, although a substantial gap remains unexplained. A natural place to look for an explanation of the D-R growth gap is the partisan balance in the control of the state governments. We show that pronounced national GDP growth was generated when many US states had Democratic governors and unified Democratic state governments. However, this fact does not explain the D-R growth gap. To the contrary, the D-R growth gap at the national level might have been even larger absent changes in the control of state governments (by about 0.3-0.6 percentage points).

Internal Seminar

Marcel Preuss

"Consumer Search with and without Tracking"

In this paper, I develop a tractable framework with sequential consumer search to address the role of tracking on market outcomes. Tracking search histories is informative about consumers' valuations because different consumer types have different stopping probabilities. With tracking, the unique equilibrium price path is increasing whereas without tracking, an average uniform price prevails. Welfare effects largely depend on how tracking affects consumers' search persistence. For

intermediate search costs, tracking based price discrimination exacerbates the sellers' hold-up problem and leads to inefficiently low search persistence. For high search costs instead, tracking prevents a market breakdown as low prices conditional on short search histories secure consumers a positive surplus from search. Tracking prevails endogenously when consumers can dynamically opt out from tracking. This holds since disclosing their search history is always individually rational for consumers, irrespective of the overall effect on consumer surplus.

Macro & Econometrics Seminar

Alexander Glas

"Do macroeconomic forecasts improve predictions of future stock market volatility?"*

We analyze whether realizations and forecasts of macroeconomic variables improve predictions of future stock market volatility using data from the Federal Reserve's Survey of Professional Forecasters for the period 1968Q4-2017Q2. The findings of Paye (2012) and Chao (2016) suggest that the realizations are not informative in most cases. Based on a sectoral analysis similar to Chong and Lin (2017), we show that forecasts of real GDP growth, industrial production and the inflation rate are negatively related to future volatility and outperform models based on the corresponding realizations. In contrast, we obtain stronger evidence for the realized unemployment rate than for the expectation. The findings for housing starts are relatively similar in both cases. We also assess how the results change if the conditional heteroskedasticity is taken into account and when idiosyncratic volatility is predicted.


*with Christian Conrad

Talks and Research Visits

At the *International Political Economy Society* (IPES) Conference in Austin, Texas, on November 18-19, **Axel Dreher** participated in the Editor Roundtable and watched his co-author presenting their joint paper "The Effect of Migration on Terror - Made at Home or Imported from Abroad?" and also the following papers were presented: **Valentin Lang**: "Room for Discretion? Biased Decision-Making in International Financial Institutions" (joint with Andrea Presbitero) [find here](#); **Lennart Kaplan**: "Aid and conflict at the local level - Mechanisms and causality" (with Kai Gehring and Melvin Wong).

Sarah Langlotz presented the paper "Stimulant or depressant? Opium and the geography of conflict in Afghanistan" (joint work with Kai Gehring and Stefan Kienberger) at the 13th Annual Workshop of the Households in Conflict Network (HiCN), Brussels, November 15-16.

Jonas Dovern presented his paper "Recessions and Instable Estimates of Potential Output" at the Economics Seminar at the University of Graz on November 14, 2017.



Valentin Lang was at the IMF in Washington, DC, as a visiting scholar between November 6th and November 15th. He presented his paper „The Distribution of Gains from Globalization“ (joint with Marina Tavares) at an Internal IMF Seminar on November 14th.

Christina Gathmann presented the paper “Citizenship and Social Integration” (joint with Nicolas Keller and Ole Monscheuer) at the MEDAM Seminar on Migration of the Center for European Policy Studies (CEPS) in Brussels, November 8.

**Editorial deadline for issue 28/2017 of the newsletter:
Wednesday, November 29, 2017, 12 p.m.
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,
please contact the address above.