GUALTIERO AZZALINI

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OFFICE CONTACT INFORMATION

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FIELDS

Macroeconomics, Macro-labor, Household Finance, Heterogeneous Agents Macro, Wealth Inequality

ACADEMIC POSITIONS

Aug 2023-present: Assistant Professor of Finance, Dept. of Finance, Stockholm School of Economics Aug 2023-present: Research Fellow, Swedish House of Finance

EDUCATION

Ph.D. in Economics, Institute for International Economic Studies, Stockholm University, 2023 at Stockholm School of Economics, 2018-2019

Thesis title: "Essays on Income Risk, Portfolio Choices and the Macroeconomy" Supervisors: Per Krusell, Kurt Mitman. Opponent: Alexander Michaelides.

M.Sc. in Economic and Social Sciences, Bocconi University, 110/110 cum laude, 2015

B.Sc. in Economic and Social Sciences, Bocconi University, 110/110 cum laude, 2013

Research Papers

"Business cycle asymmetry of earnings pass-through"

How does the firm's role as an insurance provider vary over the business cycle? Using Swedish administrative data, I document that idiosyncratic firm productivity shocks are passed through workers' earnings asymmetrically. In non-recessions, firms are good insurers against negative shocks. In downturns, they pass through a larger share of their shock. Regardless of the state of the economy, instead, positive shocks are mainly passed through when sizeable. I rationalize these findings using a directed search model of the labor market with recursive contracts. Moral hazard risk associated with on-the-job search is key to generating pass-through and the increased risk of firm disaster in recessions is necessary for matching the empirical facts. As the wage growth distribution features procyclical skewness and acyclical variance, the model also suggests a new mechanism for explaining trends in income risk variation over the business cycle. Welfare calculations reveal that workers would be willing to give up a non-negligible share of consumption to avoid this source of uncertainty.

"Inferring income properties from portfolio choices"

Two main views exist on the nature of the labor income process: according to one, income shocks are very persistent and agents face similar life-cycle profiles - Restricted Income Profiles (RIP); according to the

PERSONAL INFORMATION Date of birth: January 29, 1991 Citizenship: Italian other, income shocks are not very persistent and life-cycle profiles are individual-specific - Heterogeneous Income Profiles (HIP). This paper studies the implications of these two views in a portfolio choice model in order to discover identification restrictions allowing to discern between them. I find that HIP and RIP imply different life-cycle patterns of the participation and conditional risky share choices but similar patterns of consumption and saving. Crucial for this result is the inclusion of cyclical skewness in the stochastic process for income, which enables us to correctly estimate the part of income risk deriving from the persistence of the shocks.

"Preference heterogeneity and portfolio choices over the wealth distribution" with Markus Kondziella and Zoltán Rácz

Evidence from administrative data reveals increasing participation in risky assets, expected returns and idiosyncratic return risk over the wealth distribution. We explain these patterns quantitatively with an incomplete markets model with endogenous portfolio choice, cyclical labor income risk, and preference heterogeneity. As a by-product of this approach, our framework also generates wealth inequality, wealth mobility and marginal propensities to consume as a function of wealth closely in line with data. Simultaneously fitting wealth and portfolio choices delivers a larger and more persistent increase in wealth inequality following an aggregate return shock relative to counterfactual models lacking such a fit.

PUBLICATIONS

Alesina A., Azzalini G., Favero C., Giavazzi F., Miano A. (2018). <u>Is it the "How" or the "When" that Matters</u> in Fiscal Adjustments?, *IMF Economic Review*, 66 (1), pp 144-188.

RESEARCH PAPERS IN PROGRESS

"Human capital inference" with Zoltán Rácz

There is a long-standing literature in economics whose goal is to infer properties of individuals' income and human capital and their impact on consumption-saving decisions by using revealed choices, especially on consumption. While this approach is superior to the utilization of income data alone, it nevertheless relies on very strong assumptions on the form of the stochastic process for income, in particular it hard-wires the relationship between shocks to current income and expected future income, that is, human capital. In this paper we develop a new method that enables to perform this task without imposing any restriction on the latter. Specifically, we log-linearize the recursive relationship defining human capital, insert it into a linearized savings policy function and derive moment conditions which, in turn, we use for GMM estimation of the parameters governing moments of the joint and marginal distributions of savings and income. Using high quality Swedish administrative data on wealth – which enables us to overcome the well-known issues deriving from using imputed or survey data – we find that about 60 percent of human capital corresponds to expected income in the following year. This result suggests that individuals are very short-sighted regarding their future income when they make consumption-saving decisions.

CODING

Azzalini G., Rácz Z. (2024). <u>MomentMatching.jl: Parameter Estimation of Macroeconomic Models via</u> <u>Moment Matching Methods in Julia.</u>

PROFESSIONAL SERVICE	
Referee	The Review of Economic Studies, The Review of Financial Studies, American Economic Review: Insights, Review of Finance, Journal of Economic Dynamics and Control
Departmental	Organizer of the Seminar Series, Dept. of Finance, Stockholm School of Economics (A.Y. 2024-2025) Organizer of the Brown Bag Seminar Series, Dept. of Finance, Stockholm School of Economics (A.Y. 2023-2024) Organizer of the Household Finance-Macro reading group
TEACHING EXPERIENCE	
Spring 2025	Climate, Financial Markets and the Economy (M.Sc.), Stockholm School of Economics, course director
Fall 2024	Empirical Methods in Finance (M.Sc.), Stockholm School of Economics, course director (joint with Paul Huebner)
A.Y. 2023-2024	Thesis in Finance (M.Sc.), Stockholm School of Economics, course director
Spring, 2021	Macroeconomics II (Ph.D.), Stockholm University, teaching assistant for Associate Professor Kurt Mitman
Spring, 2020	Macroeconomics II (Ph.D.), Stockholm University, teaching assistant for Professor John Hassler

PRESENTATIONS

(Including scheduled, by co-auth	nor starred)
2024	Swiss Macro Workshop*, Sveriges Riksbank (Greater Stockholm Macro Group), IFAU, European Economic Association and Econometric Society Congress (Erasmus University), European Association of Labor Economists Conference (Norwegian School of Economics), Italian Association of Labor Economists (Università Degli Studi di Napoli Federico II), Konjunktur Institutet, University of Gothenburg, SED Winter Meeting Buenos Aires <i>Discussions:</i> Heterogeneous Agents in Macroeconomic Models Conference (Czech National Bank, Prague)
2023	Midwest Macroeconomics Meeting (Texas Tech)*, Arne Ryde Workshop (Lund University), Nordic Summer Symposium in Macroeconomics (Smögen) Tilburg University (Finance), Banca d'Italia, Stockholm School of Economics (Finance), Norwegian School of Economics <i>Discussions:</i> 12 th National Ph.D. Workshop in Finance (Swedish House of Finance), Nordic Finance Network Young Scholar Network (Lund University)
2022	Stockholm University, SUDSWEC Ph.D. Workshop
2021	Swedish House of Finance (10th National Ph.D. Workshop in Finance)

HONORS, SCHOLARSHIPS AND FELLOWSHIPS

2023	Best discussant prize, 12 th National Ph.D. Workshop in Finance
	(Swedish House of Finance)
2022	IFAU research grant for the project "Wage pass-through over the
	business cycle" (15000 SEK, project leader Per Krusell)
2019 (declined)	Jan Wallander and Tom Hedelius Foundation Scholarship for
	studies abroad
2016	Fondazione Achille e Giulia Boroli for outstanding M.Sc.
	dissertation

WORK EXPERIENCE

Jan-July, 2018	European Central Bank, DG Macroprudential Policy and
	Financial Stability, trainee
Sep 2015-Aug 2016	Bocconi University, research assistant for Professors Alberto
	Alesina, Carlo Favero and Francesco Giavazzi
Feb-July, 2015	Bocconi University, research assistant for Professors Carlo
	Favero and Vincenzo Galasso
Feb-June, 2015	Bocconi University, research assistant for Associate Professor
	Barbara Rindi
OTHER EXPERIENCE	
Aug 2016-Dec 2017	New York University, Stern School of Business, first year coursework of the Ph D in economics

Aug 2010-Dec 2017New York University, stem School of Busiless, first year
coursework of the Ph.D. in economicsFall, 2014Stockholm School of Economics, exchange studentSpring, 2013Boston University, exchange studentSep 2013-Aug 2014Innocenzo Gasparini Institute for Economic Research, visiting
student

SKILLS

Languages: Italian, English, Swedish (basic) Software: Julia, R, Matlab, Git

REFERENCES

Professor Per Krusell Institute for International Economic Studies Stockholm University Stockholm, 10691, Sweden +46 (0)8 16 30 73 per.krusell@iies.su.se

Assistant Professor Kieran Larkin Institute for International Economic Studies Stockholm University Stockholm, 10691, Sweden +46 (0)8 674 77 15 <u>kieran.larkin@iies.su.se</u> Associate Professor Kurt Mitman Institute for International Economic Studies Stockholm University Stockholm, 10691, Sweden +46 (0)8 16 30 57 <u>kurt.mitman@iies.su.se</u>

Professor Paolo Sodini Department of Finance Stockholm School of Economics Stockholm, 11160, Sweden +46 (0)8 736 91 65 paolo.sodini@hhs.se