Danilo Cascaldi-Garcia

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RESEARCH INTERESTS

Primary: Macroeconomics, Applied Econometrics
Secondary: Business Cycles, Monetary Economics, Uncertainty

EDUCATION

Ph.D. in Economic Modelling & Forecasting 2014-2018
University of Warwick, Warwick Business School (WBS)
Supervisors: Prof. Ana Galvão and Prof. Anthony Garratt

Visiting Ph.D. student 2016
Università Bocconi (Italy), working with Prof. Carlo Favero

M.A. in Economics, University of São Paulo (USP) Brazil 2007-2009

B.A. in Economics, University of São Paulo (USP) Brazil 2002-2006

PUBLICATIONS

- "News shocks and the slope of the term structure of interest rates: Comment" (2017), **American Economic Review**, 107(10): 3243-49.

- "Labor and technical progress: an analysis on the employment, income and qualification levels in the São Paulo industry" (2009), with B. Selan and S. Kannebley Jr. **Revista Economia ANPEC**, v. 10, p. 277-297 (*in Portuguese*).

WORKING PAPERS

- "Patent-based news shocks" with Marija Vukocić (University of Warwick)

- "Forecast revisions as instruments for news shocks"

- "Dynamic effects of news shocks through uncertainty"
  Gerald P. Dwyer prize for the best paper in finance presented by a graduate student at the 26th Symposium of the Society of Nonlinear Dynamics and Econometrics (2018)

- "News and uncertainty shocks" with Ana Beatriz Galvão (University of Warwick/WBS),
  Revise & Resubmit at the **Journal of Money, Credit and Banking**

AWARDS

2018	Gerald P. Dwyer prize for the best paper in finance presented by a graduate student at the 26th Symposium of the Society of Nonlinear Dynamics and Econometrics.
2017	Award for Outstanding Contribution to Research 2016-2017 (Warwick Business School).
	Award for best forecasts of inflation for UK, Euro Area, France and Italy – Big Data for Official Statistic Competition (Eurostat).
2016	Young Investigator Training Program (YITP) Research Prize – International Association for Applied Econometrics.
2007-2009	M.A. scholarship from FAPESP (Brazil) – São Paulo Research Foundation.
2008	CNI Economics Award for the paper "Labor and technical progress: an analysis on the employment, income and qualification levels in the São Paulo industry" (*in Portuguese*).

EDITORIAL ACTIVITIES

Referee for the *American Economic Review*, *Journal of Applied Econometrics*, *Journal of Business & Economics Statistics*, *Economic Modelling*, *Emerging Markets Finance and Trade*, *Journal of Economic Policy Reform* and *Pakistan Journal of Statistics*.

Organizing committee member of the Conference "Developments in Empirical Macroeconomics" (Federal Reserve Board and New York Fed, Washington DC, 2019).

Scientific committee member of the "RES Symposium of Junior Researchers" (2019) and the "CNI Economics Award" (2009 and 2013).

PRESENTATIONS AT CONFERENCES

2019   Western Economic Association International Conference (WEAI), San Francisco (U.S.)
International Association for Applied Econometrics Conference (IAAE), Nicosia (Cyprus)
Federal Reserve Research Scrum, San Francisco (U.S.)
Society for Nonlinear Dynamics and Econometrics Symposium (SNDE), Dallas (U.S.)
Theories and Methods in Macroeconomics Conference (T2M), Nuremberg (Germany)

2018   Uncertainty, Expectations and Macroeconomic Modelling Workshop, Halle (Germany)
Advances in Applied Macro-Finance Conference, Istanbul (Turkey)
International Association for Applied Econometrics Conference (IAAE), Montreal (Canada)
Inflation Targeting Conference (Brazilian Central Bank), Rio de Janeiro (Brazil)
Uncertainty and Economic Activity: Measurement, Facts and Fiction Conference, Beijing (China)
Royal Economics Society Conference (RES), Brighton (UK)
Society for Nonlinear Dynamics and Econometrics Symposium (SNDE), Tokyo (Japan)

2017   Computational and Financial Econometrics Conference (CFE), London (UK)
LuBraMacro, Porto de Galinhas (Brazil)
European Economic Association Conference (EEA), Lisbon (Portugal)
International Association for Applied Econometrics Conference (IAAE), Sapporo (Japan)
Royal Economics Society Conference (RES), Bristol (UK)
Society for Nonlinear Dynamics and Econometrics Symposium (SNDE), Paris (France)
New Techniques and Technologies for Statistics (NTTS), European Commission, Brussels (Belgium)

2016   Brazilian Econometrics Society Conference (SBE), Foz do Iguaçu (Brazil)
International Association for Applied Econometrics Conference (IAAE), Milan (Italy)

2015   Computational and Financial Econometrics Conference (CFE), London (UK)

2008   Brazilian Association of Graduate Programs in Economics National Meeting (ANPEC), Salvador (Brazil)

PRESENTATIONS AT SEMINARS

2018   Federal Reserve Board, International Finance seminar, Washington (U.S.)

2017   University of Warwick, Macroeconomics workshop, Coventry (UK)

2016   University of Valencia, Valencia (Spain)
University of São Paulo, Ribeirão Preto (Brazil)

2015   University of Warwick, Macroeconomics workshop, Coventry (UK)
Warwick Business School, Economic Modelling and Forecasting brown bag seminar, Coventry (UK)

PROFESSIONAL EXPERIENCE

2018-present	Board of Governors of the Federal Reserve System, Washington DC *Economist*, International Finance Division
2009-2014	National Confederation of Industry (CNI), Brazil *Economist*, Economic Policy Unit
2004-2008	Caixa Econômica Federal (Bank), Brazil *Banking adviser*

TEACHING EXPERIENCE

2017-2018	University of Warwick, UK *Senior Teaching Assistant* Macroeconomics 2 – Profs. Thijs van Rens and Roberto Pancrazi. Evaluation: 4.7 out of 5 (first term) and 4.7 out of 5 (second term)
2016-2017	University of Warwick, UK *Teaching Assistant* Macroeconomics 2 – Profs. Thijs van Rens and Roberto Pancrazi. Evaluation: 4.5 out of 5 (first term) and 4.7 out of 5 (second term)
2008	Faculdades Bandeirantes (FABAN), Brazil *Lecturer* Econometrics, Macroeconomic theory, Microeconomic theory, Public finance, Introductory economics and Technological innovation.
2008	University of São Paulo (USP), Brazil *Teaching Assistant* Econometrics 2

LANGUAGES

English (fluent), Portuguese (native), Spanish (advanced) and French (basic)

PROGRAMMING SKILLS

MATLAB, GAUSS, Stata, R, LaTeX.

PERSONAL INFORMATION

Full name: Danilo César Cascaldi Garcia
Date of birth: April 12th, 1984
Citizenship: Brazilian

News shocks and the slope of the term structure of interest rates: Comment

American Economic Review, 2017, 107(10): 3243-49

Kurmann and Otrok (2013) establish that the effects on economic activity from news on future productivity growth are similar to the effects from unexpected changes in the slope of the yield curve. This comment shows that these results become substantially weaker in the light of a recent update in the utilization-adjusted total factor productivity series produced by Fernald (2014).

News and uncertainty shocks, with Ana Galvão (University of Warwick/WBS)

Revise & Resubmit at the *Journal of Money, Credit and Banking*

International Finance Discussion Paper n. 1240 (Federal Reserve Board)

We provide novel evidence that technological news and uncertainty shocks, identified one at a time using VAR models as in the literature, are correlated; that is, they are not truly structural. We then proceed by proposing an identification scheme to disentangle the effects of news and financial uncertainty shocks. We find that by removing uncertainty effects from news shocks, the positive responses of economic activity to news shocks are strengthened in the short term; and that the negative responses of activity to financial uncertainty shocks are deepened in the medium term as 'good uncertainty' effects on technology are purged.

Dynamic effects of news shocks through uncertainty

Gerald P. Dwyer prize for the best paper in finance presented by a graduate student at the 26th Symposium of the Society of Nonlinear Dynamics and Econometrics (2018)

This paper bridges two strands of the literature of business cycles driven by agents' beliefs: news shocks and uncertainty. I propose an estimation and identification procedure that allows investigating the empirical relationship between agents' responses to future technological improvements and the level of uncertainty in the economy. I show that the economic responses to news shocks change substantially over time, and uncertainty endogenously reacts to it. Macroeconomic uncertainty reduces after a news shock, in response to the increase in the information about the expected future path of the economy. Financial uncertainty initially increases after a news shock, in line with the idea of 'good uncertainty'. The financial uncertainty rapidly resolves, as the market converges to a consensus about the interpretation of the news. Periods of high financial uncertainty are characterized by higher positive economic effects of news shocks on output, consumption and investment. These results indicate that the continuous updating of agents' expectations about the current and future economic situation operates as a transmission channel for news shocks.

Forecast revisions as instruments for news shocks

In this paper I propose a novel method of identifying technological news shocks through instrumental variables based on forecast revisions from professional forecasters. The procedure has the advantage of relying on information about agents' expectations, instead of the statistical procedures currently used for the news shock identification. I construct proxy measures for the slope of the long-run trend of GDP, investment and industrial production, which are strong instruments for recovering the underlying technological news shock. By employing a proxy SVAR, I show that a news shock produces substantial effects on impact on GDP and investment. The effects on consumption in the short-run, however, are milder than usually presented by the news shock literature. The identified news shock is able to generate a positive comovement among the real macroeconomic variables.

<u>Patent-based news shocks</u> with Marija Vukocić (University of Warwick)

In this paper we exploit firm-level data on patent grants and subsequent reactions of their stocks to identify technological news shocks. Changes in stock market valuations due to announcements of individual patent grants represent expected future increases in the technology level, which we refer to as *patent-based news shocks*. Our patent-based news shocks resemble diffusion news in that they do not affect total factor productivity in the short-run but account for about 20 percent of its variations after five years. These shocks induce positive comovement between consumption, output, investment and hours. Unlike the existing empirical evidence, patent-based news shocks generate a positive response in inflation and the federal funds rate, in line with a standard New Keynesian model. Patenting activity in electronic and electrical equipment industries within the manufacturing sector and computer programming and data processing services within the services sector play a crucial role in driving our results.