CALENDAR:

**Departmental Seminar**
Johannes Strobel (University of Regensburg):
*Supply-side Uncertainty and the Zero Lower Bound in a New Keynesian Model with Agency Costs*
Monday, June 04
16:30–18:00
H26

**IOS Seminar**
Oleksandr Shepotylo (University of Bradford, UK):
*Political Uncertainty, FDI, and Trade in Intermediate Goods: Evidence from Ukrainian Firms*
Tuesday, June 05
13:30–15:00
WiOS 109 (Landshuter Str.4)

**Lunch Seminar**
Roland Weigand (AOK Bayern):
*Automatic Predictive Models for Morbidity-Based Risk Adjustment*
Wednesday, June 06
12:00–13:30
VG 2.35

**Economic and Social History Seminar**
Ulf Christian Ewert (Halle):
*Pfade institutioneller Entwicklung im mittelalterlichen Fernhandel – das Beispiel der Hanse*
Wednesday, June 06
18:00–20:15
VG 1.30
ABSTRACTS:

Departmental Seminar
Johannes Strobel

Supply-side Uncertainty and the Zero Lower Bound in a New Keynesian Model with Agency Costs

Abstract: We investigate the conditions under which an uncertainty shock can drive the economy to the ZLB. Unlike the literature that analyses the effects of uncertainty shocks on the ZLB, uncertainty, in our New Keynesian business cycle model, refers to a time-varying second moment of the idiosyncratic productivity of entrepreneurs in an endogenous agency cost model. In our model, the adverse effects of an uncertainty shock decrease inflation which induces the monetary authority to decrease the nominal interest rate. We find that this second moment (supply-side uncertainty) shock constitutes an impulse mechanism that may be sufficient to push an economy to the zero lower bound (ZLB). Upon reaching the ZLB, the nominal interest rate cannot further fall to ameliorate the adverse effects of the unexpected change in uncertainty; the contractionary impact on both financial and real variables is strongly aggravated.

IOS Seminar
Oleksandr Shepotylo

Political Uncertainty, FDI, and Trade in Intermediate Goods: Evidence from Ukrainian Firms

Abstract: In this paper, we explore the effects of uncertainty on firm trade and investment and introduce a new method to measure uncertainty using machine learning tools for quantitative text. We extend a model with heterogeneous firms and sunk investments by adding intermediate inputs to derive hypotheses about the impact of trade policy uncertainty (TPU) on firm-specific investment and firm’s decision to import intermediate goods. We look at Ukraine’s trade relations with EU and Russia to measure TPU and test our predictions. Ukrainian firms faced considerable uncertainty with regards to two mutually exclusive trade policies: the conclusion of a free trade agreement with the European Union (EU FTA) or a customs union with Russia (RU CU). Using firm-product level data and FDI data of Ukrainian manufacturing firms between 2003 and 2014, we find a substantive increase in firm-level FDI inflows and imported intermediate goods from EU countries, and a decrease in FDI from the Customs Union, once uncertainty with regards to the EU FTA is reduced. Moreover, more protected goods respond stronger to a reduction in TPU. The novel measure of uncertainty can be easily applied to other cases where governments face multiple mutually exclusive policy options.

Lunch Seminar
Roland Weigand
(joint work with Anja Schramm)

Automatic Predictive Models for Morbidity-Based Risk Adjustment

Abstract: Predictive models for individual health care costs, given morbidity derived from claims data, are applied for risk adjustment in health care systems across the world. High predictive accuracy is key to avoid averse selection and to distribute resources fairly and efficiently. Current models merge diagnosis codes (ICD), pharmaceuticals (ATC) or both into cost-homogeneous groups and apply hierarchical rules between them, but are intransparent, require proprietary grouper software, are designed for a single task and reporting standard, and have predictive disadvantages. We propose a concurrent approach where all available (inpatient and outpatient) ICD and ATC codes serve as predictors without prior grouping. Firstly, we use linear elastic net regression models with shrinkage and variable selection, and secondly a tree boosting approach that iteratively partitions the indicator space in homogeneous cost groups. Thereby,
validation of a diagnosis by specific pharmaceuticals, or non-additive effects of coinciding diseases are automatically considered. The predictive accuracy of both methods is very favorable as compared to benchmarks such as the German HMG model.

Economic and Social History Seminar
Ulf Christian Ewert

Pfade institutioneller Entwicklung im mittelalterlichen Fernhandel – das Beispiel der Hanse


SAVE THE DATE:

8th roots lecture in economics on June 13, 2018:
Christian Wulff, Bundespräsident a.D., will talk about “Herausforderungen für Deutschland 2018”.
Registration required: https://roots-ev.de/

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Editorial deadline for Newsletter No. 2018-15: Wednesday, June 06 – 11 am