

# Dr. Carina Fleischer

## Research Statement

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This research statement is a detailed description of my research strategy, my areas of interests, and past, ongoing and intended future research projects. It also contains a list of working papers.

### Research Areas

I am a researcher in asset pricing and macro-finance, with a strong interest in the interplay of macro-financial and economic developments. I am particularly interested in the interplay between asset prices, macroeconomic risk factors, climate risk, and the real economy, as I believe that an important part of research lies in its practical significance. Besides, I have also worked on behavioral microeconomics although this is not my main area of interest. I am used to presenting my research at national and international conferences as well as in invited seminar talks.

### Current Working Papers

The articles *Can Inflation and Monetary Policy Predict Asset Prices?* and *Asset Pricing with Clustered, Controllable Disasters* study different aspects of continuous-time general equilibrium asset pricing. In both articles we derive key asset pricing moments and calibrate the models to historical data to assess whether they can match key features of aggregate stock and bond markets. Generally, I use a mix of empirical and theoretical tools to study the influence of macroeconomic dynamics on financial markets and asset prices.

In my job market paper *Can Inflation and Monetary Policy Predict Asset Prices?* I develop a continuous-time endowment economy model of the US with inflation and the central bank's interest rate adjustments as observable risk factors. Using vector-autoregressions, I show empirically that those macro factors have predictive power for consumption growth and embed them into a consumption-based asset pricing model, demonstrating that they can also explain many features of the aggregate stock and bond market. I derive the price-dividend ratio, the equity premium, the risk-free rate, and the term structure of interest rates. I show that inflation and the federal funds rate adequately predict those key asset pricing moments in the model. The model offers a novel mechanism to explain the variation in the aggregate price-dividend ratio and the risk-free rate as it relies on observable rather than latent risk factors.

In the paper *Asset Pricing with Clustered, Controllable Disasters* (joint work with Holger Kraft, Claus Munk, and Farina Weiss), we develop a representative agent asset pricing model with tractable self-exciting consumption disasters. Compared to models with a constant disaster probability, our model increases the risk of consecutive shocks causing a large consumption drop over several years, as observed empirically. We introduce the possibility of controlling the magnitude or the probability of disasters through costly interventions. When calibrated to OECD data, the model matches the dynamics of economic disasters, the first three unconditional moments of consumption growth, the risk-free rate, the equity premium, and the stock market's price-dividend ratio using reasonable preference parameters and moderate jump sizes.

The article *How Well Do Women Sell? New Evidence for Non-professionals* (joint work with Holger Kraft and Farina Weiss, revise and resubmit at *Experimental Economics*) falls into the field of behavioral microeconomics and is based on the idea that there are clear gender-specific differences in many economic decisions. For example, it is well documented in the literature that women earn less than men, make more conservative investment decisions, and often perform worse in negotiations than men in comparable positions. This article empirically investigates the impact of gender differences in real-life negotiation scenarios. It is the first to analyze the negotiation performance of non-professional individuals selling personal belongings. Using a unique, hand-collected dataset from a popular German TV show, we

find that women obtain significantly less than men. This gender gap cannot be fully explained by typical moderators observed for professionals. Additionally, we uncover a new relationship between age, education, and negotiation outcomes for women. Notably, female teams outperform individual women in negotiations, achieving significantly better results.

## Work in Progress and Future Research

I have recently turned my attention to the research field of climate finance. My current and intended future research in this field is partly based on my previous work in asset pricing and macro finance. Climate change has emerged as a critical factor reshaping the global economy, with significant implications for financial markets, asset pricing, and monetary policy. At the same time, the transition to a low-carbon economy, along with the introduction of carbon pricing, new climate regulations, and physical climate risks, is increasingly influencing the decision-making of private households. This section provides an overview of my ongoing projects in this area.

The paper *Energy Consumption and Household Portfolio Choice* (joint work with Christoph Hambel and Marlene Koch) was born by the idea that energy price risk and climate transition risk have hardly been studied in household life cycle models although these risks have recently hit many households that live in old houses with gas or oil heating systems. We develop a life cycle model for private households that takes these risks into account. This project investigates how homeowners should optimally improve the energy efficiency label of their homes and how these decisions relate to other financial considerations such as investment, insurance or consumption decisions. Households may want to insure themselves against rising energy prices by installing solar panels, heat pumps or thermal insulation. In addition, these improvements could also hedge the loss of property value due to transition risks in the real estate market. Another question that we are aiming to answer is what subsidies the government can provide to incentivize homeowners to improve the energy efficiency of their homes to save energy in the transition to a low-carbon economy.

In the paper *Asset Pricing with Inflation and Physical Climate Risk* (joint work with Christoph Hambel), we are studying a consumption-based general equilibrium asset pricing model that takes the interplay between inflation, global warming, and the central bank's monetary policy decisions into account. After studying this interaction empirically using vector-autoregressions, we will explore the mechanisms through which climate-related risks (currently only physical risk but later also climate transition risk) and the resulting monetary policy measures impact asset prices. In particular, we will analyze the behavior of risk premia in financial markets and examine how these risks influence the term structure of interest rates and key asset pricing moments.

The paper *Flood Insurance Demand under Climate Risk* (joint work with Wiktor Grocholewski and Christoph Hambel) develops a life-cycle model to analyze optimal household decisions regarding flood insurance and property investment under escalating physical climate risks. Departing from the standard assumption of exogenous house price dynamics in the household finance literature, we model residential property as an asset that households can actively invest in and must restore following damage from flood events. The household's optimization problem encompasses consumption, portfolio allocation, flood insurance coverage, and property restoration decisions. We derive closed-form solutions for the optimal insurance demand in a tractable analytical setting and solve the full model numerically, calibrating flood arrival rates to IPCC climate scenarios to capture the increasing frequency of extreme weather events.