



## Upcoming Seminars

**Monday, 18.12.2023**

**Departmental Seminar**

13.30-14.30

Alexandre Kohlhas, Oxford University

AWI room 00.010

"Granular Sentiments"

(Host: Joep Lustenhouwer)

## Abstracts

### Departmental Seminar

Alexandre Kohlhas

"Granular Sentiments"\*

We propose an empirically-consistent theory of business cycles, driven by fluctuations in sentiment towards a small number of firms. We measure firm-level sentiment with standard methods from computational linguistics. We find that 50 firms account for over 70% of the unconditional variation in U.S. sentiment and output over the period 2006- 2021. The "granular sentiment residual", measuring sentiment towards the 50 firms, is dominated by firms that are closer to the final consumer, i.e. are downstream. To rationalize our findings, we embed endogenous information choice into a general equilibrium model with heterogeneous upstream and downstream firms. We show that attention centers on downstream firms, as they act as natural "information agglomerators". When calibrated to match select moments of U.S. data, the model shows that orthogonal shocks to the sentiment of the 20% most downstream firms explain more than 80% of sentiment-driven and 25% of total business fluctuations.

\*with Rustam Jamilov, Sasha Talavera, and Mao Zhao

## Talks and Research Visits

A Workshop on *Economic Expectations, Survey Data, and Forecasting* with **Michael Weber** (Chicago Booth) took place on Thursday, December 14. **Marina Da Silva**, **Joep Lustenhouwer**, **Lora Pavlova** (ZEW) and **Stefan Trautmann** gave talks as well.

**Sebastian Ebert** gave a talk on "Eliciting Stopping Times" at the *Department of Economics, Ghent University*", on December 14.

At the *4th HeiTüHo Workshop on International Financial Markets*, organized by Zeno Enders, Gernot Müller (Tübingen), Ralph Lütticke (Tübingen), and Michael Evers (Hohenheim), December 9, **Julius Schölkopf** presented the paper "Long-term volatility shapes the stock market's sensitivity to news" (joint with Christian Conrad and Nikoleta Tushteva); **Sarah Arndt** discussed the paper "The green metamorphosis of a Small Open Economy" by Evi Pappa. Giancarlo Corsetti was keynote speaker. More information can be found [here](#).

**Timo Goeschl** presented the paper "Adverse Experience and Risk Taking: Natural vs. Social Risk" at the CEAR-MRIC Behavioral Insurance Workshop 2023 at Georgia State University, Atlanta, on December 8.

**Julius Schölkopf** presented the paper "Long-term volatility shapes the stock market's sensitivity to news" (joint with Christian Conrad and Nikoleta Tushteva) at the HKMetrics Workshop on Economic and Financial Forecasting at the Karlsruhe Institute for Technology, on December 5.

## Miscellaneous

Ani Guerdjikova (Université Grenoble Alpes) and Jürgen Eichberger received a French-German research grant (ANR and DFG) for their project "Decision making under uncertainty based on data: awareness, learning and interpersonal consistency (DATA-AWARE)" in the years 2024-2026.

 **A Happy Holiday Season and all the best for the New Year 2024** 

Editorial deadline for issue 1/2024 of the newsletter:  
Wednesday, January 3, 2024, 12 p.m.  
[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)