

Konrad Adler

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Research interests

Macroeconomics, Financial Frictions, Corporate Finance

Education

PhD in Economics , Toulouse School of Economics (TSE) <i>Advisor</i> : Franck Portier	(<i>expected</i>) June 2018
MSc in Economics , Economic Theory and Econometrics, TSE	2011 - 2012
MSc in Economics , University Paris 1	2010 - 2011
BA in International Relations , University of Geneva	2007 - 2010

Current research

Bank Loan Covenants and the Business Cycle

Abstract: Financial covenants in loan contracts allocate control rights between creditors and firm owners conditional on firm performance but not conditional on the aggregate state of the economy. Using data from US public firms I find that firms violating a financial covenant make up for a large fraction of the aggregate decrease in employment and investment growth during the 2001 and 2008 recessions. While financial covenants mitigate financial frictions, they might also contribute to exacerbate aggregate downturns. To investigate this possibility I build a simple model where firms have limited liability and banks are less efficient at running a firm. Contingent control rights, i.e. financial covenants, are optimal when the firm productivity distribution is dispersed enough. A mean-preserving spread in the productivity distribution increases the number of covenant violations which then leads to an aggregate downturn. Writing covenants conditional on firm performance *and* the aggregate state seems preferable in the current setting of the model.

Taste Heterogeneity and Globalization, joint with Simon Fuchs (TSE)

Abstract: We document two stylized facts for the international movie market. Firstly, that the share of revenue of sequels and adapted - non-original - content has increased dramatically over the last two decades, and that furthermore, the share of internationally, more diverse markets has increased at the same time. We propose that this situation can be explained by considering a setting where firms face a global market where countries have horizontally differentiated taste, yet the firm has to release one global good for all markets. In this setting the firm needs to decide on the profit maximising location in the taste space that is populated by the consumers of the individual countries. If furthermore the firm faces production uncertainty, that affect the realized position of the product in the taste space, then there is a mean-variance trade-off between goods that provide less uncertainty but a better expected position, versus goods that are safer but have a worse expected position. In this setting the rise of the East Asian market has changed the taste diversity that the firms are facing, and sequels provide a safer option to

hedge against this spatial risk. We propose a way of estimating this model and the production uncertainty based on the random utility framework.

Innovation and Corporate Cash Holding in the Era of Globalization

in progress, joint with Jaebin Ahn (IMF) and Mai Chi Dao (IMF)

Debt structure & Investment

Abstract: I build a model based on Holmstrom & Tirole (1997) which features firms that are heterogenous in both net worth and pledgeable income and can choose between monitored (bank) loans and unmonitored debt (bonds). Because banks increase the pledgeable income of monitored firms, these firms become more exposed to aggregate shocks compared to unmonitored firms. The model can qualitatively replicate the cyclical behaviour of the bond to loan ratio which increases both during non-financial and financial recessions.

Teaching

Toulouse School of Economics:

TA Undergraduate Macroeconomics	2016 - 2017
TA Graduate Market Finance , M. Andries	Fall 2015
TA Graduate Macroeconomics , C. Hellwig	Spring 2015

Professional Experience

International Monetary Fund: Fund Internship Program <i>Research on corporate savings for the Open Economy</i> <i>Macroeconomics Division</i>	July - September 2016
Swiss National Bank: Internship Economics Department <i>Research Assistant for the Monetary Policy Analysis Unit</i>	2012 - 2013

Policy Research

Konrad Adler, Christian Grisse (2017): “Thousands of BEERs: Take your pick”, forthcoming *Review of International Economics*

Conferences & Seminars

2017	XXII Workshop on Dynamic Macroeconomics (Vigo, Spain) TSE Student Workshop TSE Macro-Workshop
2015	Co-Organizer of the Fifth TSE Student Workshop Multinational Finance Society Spring Conference (Larnaka, Cyprus) Swiss Society of Economics and Statistics Conference (Basel, Switzerland)
2013	SNB Brown Bag Seminar

Language & Computer Skills

German (native), English (fluent), French (fluent), Russian (basic)
Matlab, Stata, R, Python, C++ (intermediate)