

SOLO ZERBO

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DOCTORAL STUDY

Université de Montréal (UdeM)
PhD, Economics, Expected completion May 2021
Dissertation: "Essays in financial economics"

Dissertation committee and references

Professor Vasia Panousi (Chair) Université de Montréal Department of Economics vasia.panousi@umontreal.ca 3150 Jean Brillant Street Montréal, Canada +1 514 343 6556	Professor René Garcia Université de Montréal Department of Economics rene.garcia@umontreal.ca 3150 Jean Brillant Street Montréal, Canada +1 514-343-6111	Professor Dimitris Papanikolaou Northwestern University Kellogg school of Management d-papanikolaou@kellogg.northwestern.edu 2211 Campus Drive Evanston, IL 60208 +1 847-491-7704
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PRIOR EDUCATION

MSc. in Statistics and Economics, National School of Statistic and Applied Economics (ENSEA), Ivory Coast	2012-2015
B.A. in Mathematics, Université de Ouagadougou, Burkina Faso	2009-2012

RESEARCH FIELD

Asset-Pricing, Financial intermediation, Household Finance, Climate Finance, Machine Learning

RESEARCH PAPERS

1. Systemic risk-shifting (*Job market paper*)
2. Excess smoothness of consumption and Household finance
3. Systemic carbon risk
4. Shadow banking risk in the US, *joint with Vasia Panousi and Magnim Farouh*
5. Shadow banking in Canada, *joint with Vasia Panousi*

**WORK IN
PROGRESS**

1. FOMC sentiment and Canadian forecasting, *joint with Vasia Panousi*
2. Household income inequality: Risk or Choice?, *joint with Vasia Panousi*
3. Long-run carbon consumption shifts and asset prices, *joint with Stéphane N'dri*
4. Peer effect and stock market return: Evidence from stock learning platforms

**ACADEMIC AND
PROFESSIONAL
EXPERIENCES**

Visiting Scholar, Kellogg School of Management Northwestern University	Winter 2020
Member of MILA	2020
Member of Laboratory for Macroeconomic Policy (UdeM)	2018 - present
Credit risk analyst, ORAGROUP (Togo)	2014-2015

**TEACHING
EXPERIENCES**

Advanced Topics in Macro-Finance (M.A), TA for prof Vasia Panousi	2017-2019
Machine Learning for Economists, Lab for Macroeconomic Policy	2018-2020
Advanced Topics in Money Banking and Financial Market (M.A), TA for prof René Garcia	2017
Macroeconomics (Honors), TA for prof Julien Bengui	2017

**SCHOLARSHIPS
AND FELLOWSHIPS**

PhD fellowship Fonds de Recherche du Québec-Société et Culture (FRQSC)	2019-2020
13 th and 14 th Macro-Finance Society workshops, Travel grant	2019
53 th CEA Annual Meeting, Travel grant	2019
PhD fellowship Université de Montréal	2015-2018
PhD fellowship, CIREQ, Montreal	2015-2018
M.A fellowship ENSEA	2012-2015

PRESENTATIONS

53 rd Annual Conference of the Canadian Economics Association, 14 th Macro-Finance Workshop (California, poster), Desautels McGill University (Brownbag), 12 th Academy of Behavioral Finance and Economics Annual Meeting (New -York)	2019
15 th CIREQ Ph.D. Students' Annual Meeting in Montreal	2018

**INVITED
WORKSHOPS**

Bank of Canada, 13 th Macro-Finance Workshop (Chicago), 14 th Macro-Finance Workshop (California)	2019
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**PROGRAMMING
SKILLS**

Matlab, Python, R, Stata, VBA, Latex

SUMMARY OF THE THESIS

Systemic risk-shifting (Job market paper). Banks correlate their risk exposures from outside the regulatory umbrella, which creates new risk transmission channels and affects the systemic fragility. Such a pattern can be explained by risk-shifting behavior. First, applying computational linguistic tools on banks' annual reports, the paper provides a novel measure of banks' correlated risk exposure. Second, the study finds that banks behave strategically: Banks are more likely to correlate their risk exposure from outside regulatory umbrella when their regulatory risk-based capital constraints become binding. Moreover, the paper finds a positive relationship between the correlated risk measure and systemic risk at the bank level. Finally, the paper rationalizes banks' risk-shifting behaviors using a canonical model of intermediary asset pricing augmented with a multi-banking sector. In the model, imperfect risk pricing across sectors encourage the bank to engage in risk-shifting. As a result, the bank behaves as a rational cross-sector arbitrageur. We show that there is a role for an activity-based regulation. The latter takes the form of sectoral Sharpe-ratio targeting, which makes banks indifferent toward risk-shifting.

Systemic carbon-risk. Using a consumption-based carbon emissions approach, where emissions are tied to household's consumption, this paper studies the effect of climate policy risk on economic activity. We investigate such risk using panel data for 50 U.S. states over the years 1998- 2018. Moreover, we assume a cross-sectional dependence arising from unobserved common factors(e.g., trade linkage, financial integration) between the states. We find that one unit decreases in the consumption-based carbon emission is associated, in the long-run, with lower per capita log output growth of 4.5 percentage points. In addition, we find differential impacts across the distribution of per capita states income. These findings inform the debate over the optimal transition path toward a low-carbon economy.

Excess smoothness of consumption and household finance (Submitted). This paper investigates how the response of consumption to human capital risk affects household finance. Using joint data on consumption, income, and assets of representative US households. I document an essential risk factor for portfolio choice: The excess smoothness of consumption. I show that the excess-smoothness of consumption can explain household finance puzzles such as the limited market participation, the low level of stock held conditional on participation, and the weak income hedging demand for stocks. Furthermore, I formalized the effect of the excess smoothness portfolio decision using a structural life-cycle model where household faces an idiosyncratic wage income risk. The theoretical results identify three main channels for the optimal portfolio allocation: the Sharpe ratio, the degree of excess smoothness of consumption, and the income risk hedging demand. The model is calibrated to match relevant aspects of the dynamics and the life-cycle of risky-asset holding from the PSID in the post-1999 period. The main theoretical predictions are verified and are shown to be quantitatively significant.