

Isabella Wolfskeil

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Current Employment

Economist, Federal Reserve Board of Governors
International Finance Division

Aug. 2022–Present

Education

Ph.D. in Economics and Finance

Bocconi University, Milan, Italy
Advisor: Mariano Max Croce
Honors: cum laude

Sept. 2016–Jan. 2022

M.Sc. in Finance

University of Florida, Gainesville, United States

Sept. 2015–June 2016

B.Sc. in Finance

University of Florida, Gainesville, United States

Sept. 2012–June 2015

Research

Interests

Primary: Information Economics, Corporate Finance, Empirical Asset Pricing

Secondary: Text Analysis, Big Data

Working Papers

Tweeting in the Dark: Corporate Communication and Information Diffusion (Job Market Paper)

I investigate the link between firms' voluntary disclosure strategies on social media and their equity returns. I construct a novel and comprehensive database of over 7 million tweets posted by S&P 1500 firms and use text analysis methods to assess the effect of corporate tweets on announcement returns. I find evidence consistent with firms using the timing, tone, and content of tweets strategically. Firms with negative earnings surprises have higher announcement returns when they tweet about financial news, suggesting that firms can use social media to bolster their stock prices during periods of poor performance. This result holds mainly for firms with higher retail investor ownership, consistent with social media being a primary information source for investors with a high cost of information acquisition and processing.

When the Markets Get CO.V.I.D: COntagion, Viruses, and Information Diffusion

with M. J. Arteaga-Garavito, M. M. Croce and P. Farroni

We quantify the exposure of major financial markets to news shocks about global contagion risk accounting for local epidemic conditions. For a wide cross section of countries, we construct a novel data set comprising (i) announcements related to COVID19, and (ii) high-frequency data on epidemic news diffused through Twitter. Across several classes of financial assets, we provide novel empirical evidence about financial dynamics (i) around epidemic announcements, (ii) at a daily frequency, and (iii) at an intra-daily frequency. Formal estimations based on both contagion data and social media activity about COVID19 confirm that the market price of contagion risk is very significant. We conclude that prudential policies aimed at mitigating either global contagion or local diffusion may be extremely valuable.

Publications

Cover your assets: non-performing loans and coverage ratios in Europe

with L. Alessi, B. Bruno, E. Carletti and K. Neugebauer (forthcoming in Economic Policy)

We analyze the determinants of coverage ratios and their components (NPLs and loss loan reserves) in a large

sample of European banks. We find that bank-specific factors, particularly credit risk variables (including forward-looking indicators) and capitalization, matter the most. Coverage ratios adjust insufficiently as asset quality deteriorates, except in high-NPL banks. Capitalization has a positive effect on coverage ratio, pointing to a complementarity between the two buffers. At the country level, specific macroprudential levers and developing NPL secondary markets enhance coverage ratios. Our findings emphasize the importance of micro oversight and call for more stringent macro policies in high-NPL countries.

Work in Progress

The Impact of Ownership Structure on Banks

with E. Carletti, A. Ellul and A. Manconi

This study investigates the effects of both outside and inside ownership on bank risk-taking and performance. We focus on ownership changes around regulatory enforcement actions and examine the classic conflicts between bank managers and diversified owners. Much of the analysis in this paper focuses on inferences based on an instrumental variable (IV) approach. To implement our IV approach, we build a novel database of enforcement actions and consent orders against banks to isolate an exogenous change in ownership and establish the causal impact of ownership structure on risk-taking and performance.

Conferences and Seminars

2021

- European Finance Association Annual Meeting, Fed Board IF Seminar

2021

- SFS Cavalcade North America, European Economic Association Annual Meeting, The Rimini Centre for Economic Analysis Money-Macro-Finance Conference, EDGE Jamboree Doctoral Conference

2020

- Banca d'Italia and Federal Reserve Board Joint Conference on Nontraditional Data & Statistical Learning, Annual IMF Research Conference, Economic Policy Panel Meeting, American Finance Association Doctoral Poster Session

2019

- AFFECT Showcasing Women in Finance–EU, EAA Doctoral Colloquium

Relevant Working Experience

Teaching

Applied Numerical Finance (M.Sc. elective)

Course Director: Anna Battauz

Sep. 2018–Jan. 2019

Financial Markets and Institutions (B.Sc. compulsory course)

Course Director: Silvio Petriconi

Sep. 2018–May 2019

Research

Risk Sharing in the Euro Area

Scientific Coordinator: Elena Carletti

Sep. 2018–Sep. 2021

The Cost of Equity in Emerging Markets

Scientific Coordinator: Brian Gendreau

Sep. 2015–May 2016

Referee Activities

Economics Letters

Aug. 2020–Present

Other Information

Software: Python, Stata, Matlab

Citizenship: USA