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**JINDAL SCHOOL OF
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Jindal School of Banking and Finance (JSBF)

cordially invites you to a

Public Lecture

on

Liquidity and Unemployment under Uncertainty

by



Dr. Ayushi Bajaj

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Monash University in Melbourne, Australia

Dr Ayushi Bajaj is currently Lecturer in the Department of Economics at Monash University. She obtained her Ph.D. in Economics from the University of California, Irvine and also a Masters in Economics from Jawaharlal Nehru University. Her field of research is macro and monetary economics and within this, her core area of interest lies in analysing monetary institutions and how they have emerged. She also studies the direct links these institutions have with macroeconomic outcomes that directly impact people.

Abstract

Asset returns typically reflect a risk and liquidity premium, the size of which depends on the state of the economy. This in turn affects unemployment as firms respond to interest rates. In this paper, I explicitly model demand and supply of liquid assets under uncertainty. Households adjust their portfolios depending on their liquidity needs, and supply of liquid assets is affected by firms' entry decision. An increase in aggregate uncertainty raises interest rates thereby fewer firms enter, and if accompanied by a fall in productivity, unemployment rises by even more. A self-financed private asset purchase program can increase liquidity but leaves unemployment unchanged. A rise in inflation may or may not lead to higher unemployment depending on the state of economy.

Tuesday, 3 September 2019 | Time: 2:00 pm – 4:00 pm

**Venue: T2, Conference Room, 2nd Floor, North Side, O.P. Jindal Global University (JGU)
Sonipat- Narela Road, Sonipat-131001**

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