Lennart Claas Niermann

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EDUCATION

PhD in Economics, University of Cambridge, UK — 2022 – Expected: 2027

Fields: Monetary Economics, Finance, International Economics

Research Visit at EUI hosted by Giancarlo Corsetti — Spring 2025

Mphil in Economic Research, University of Cambridge, UK — 2021 – 2022

Graduated with distinction on a full scholarship

Thesis: 'Heterogeneous Impact of Large-Scale Asset Purchasing Programs' (distinction)

B.Sc. in Mathematics and Economics, London School of Economics, UK — 2017 – 2020

Graduated with first class honors on a full scholarship. Recipient of the John Ying Wah Gibson Prize (LSE).

RERFERENCES

Prof. Elisa Faraglia
Faculty of Economics
University of Cambridge
ef307@cam.ac.uk

Prof. Vasco Carvalho
Faculty of Economics
University of Cambridge
vmcarvalho.web@gmail.com

Prof. Constantine Yannelis
Faculty of Economics
University of Cambridge
Cny21@cam.ac.uk

Prof. Florin Bilbiie
Faculty of Economics
University of Cambridge
fob21@cam.ac.uk

JOB MARKET PAPER

Decomposing the Investment Channel of Monetary Policy with Mathis Momm [PDF]

European Central Bank's Young Economist Prize 2026

Cambridge Finance Best Student Paper Award 2026

Abstract. Monetary policy announcements simultaneously change borrowing costs and firms' expectations about future economic conditions. Conventional estimates of the investment response to monetary policy therefore conflate price effects with belief revisions and fail to identify the structural sensitivity of firm investment to financing conditions. We exploit quasi-experimental variation from the ECB's 2016 Corporate Sector Purchase Programme (CSPP), which created persistent cross-sectional differences in firms' financing costs through bond market segmentation, to isolate the causal effect of borrowing costs on firm investment. We find that investment elasticities estimated from aggregate monetary policy shocks understate the effect of a pure cost-of-debt shock by 38 percent over four quarters. Our results imply that the structural sensitivity of firm investment to borrowing costs is larger than existing estimates indicate. The gap reflects a sizable firm-level information effect. A simple model of firm investment with an information effect rationalizes this attenuation. Our findings carry direct implications for heterogeneous real transmission of monetary policy and the calibration of quantitative macroeconomic models.

WORKING PAPERS

Courts, Costs, and Crises: The Role of Penalties for Sovereign Default Expectations [PDF]

Runner-up for the Cambridge Finance Best Student Paper award 2024

Abstract. Why do sovereigns repay foreign creditors when external enforcement is weak? This paper shows that direct economic default penalties - not just exclusion from financial markets - are a key determinant of repayment incentives. I exploit quasi-exogenous variation in the cost of default generated by US court rulings in sovereign default litigation. Identification comes from high-frequency responses in third-country sovereign bonds governed by US law whose issuers are not parties to the litigation. I find that a one percentage point increase in the recovery rate lowers the default probability by 19 basis points. I interpret these results in a dynamic model of international borrowing with endogenous default and endogenous debt recovery rates. Calibrated to match the empirical relationship between recovery and default,

the model implies that a one percentage point increase in the cost of default lowers the default probability by 7.9 basis points. I find that higher default penalties can be welfare improving. This offers an explanation for why many emerging markets have been pursuing high-debt-high-default-cost regimes, heightening financial instability under probabilistic tail events.

The Network Origins of Financial Cycles (with G. Carboni and P. Porcari)

Abstract. We use proprietary European holdings data to show that common ownership is informative for how shocks transmit between securities. Holder-base overlap predicts cross-sectional variation in abnormal excess yield changes, conditional on a rich set of bond- and bond-pair characteristics. We provide evidence consistent with a causal interpretation by exploiting a major fiscal surprise from Germany in 2025. We show that non-German sovereign bonds with greater pre-existing holder-base overlap with German Bunds experience larger abnormal excess-yield spillovers over a tight event window. Motivated by this, we construct pairwise measures of holder-base overlap and characterize the resulting network of the European sovereign bond market. We then calibrate a common-ownership network to the German event study and find that security-interconnectedness amplifies aggregate volatility from security-specific shocks by roughly 2.5 to 4 times relative to a disconnected market.

Call Me Maybe: Debt Management with Callable Perpetuities (with M. Ellison, E. Faraglia and F. Velde)

Abstract. Why do sovereigns repay foreign creditors when external enforcement is weak? This paper shows that direct economic default penalties - not just exclusion from financial markets - are a key determinant of repayment incentives. I exploit quasi-exogenous variation in the cost of default generated by US court rulings in sovereign default litigation. Identification comes from high-frequency responses in third-country sovereign bonds governed by US law whose issuers are not parties to the litigation. I find that a one percentage point increase in the recovery rate lowers the default probability by 19 basis points. I interpret these results in a dynamic model of international borrowing with endogenous default and endogenous debt recovery rates. Calibrated to match the empirical relationship between recovery and default, the model implies that a one percentage point increase in the cost of default lowers the default probability by 7.9 basis points. I find that higher default penalties can be welfare improving. This offers an explanation for why many emerging markets have been pursuing high-debt-high-default-cost regimes, heightening financial instability under probabilistic tail events.

POLICY WORK

Benchmarking Sustainable Debt Trajectories in Low-Income Countries with A. Abbas, and P. Iossifov, IMF Working Paper Series, 2026

The COVID-19 crisis: what explains cross-country differences in the pandemic's short-term economic impact? with I. Pitterle**,** UN DESA Working Paper Series (WP174), 2021

SELECTED PROFESSIONAL EXPERIENCES

PhD Trainee, European Central Bank	July 2026 – September 2026
Research Assistant, Prof. Elisa Faraglia (University of Cambridge)	2025
PhD Fund Intern, International Monetary Fund, Debt Policy Division	June 2024 – Sep 2024
Consultant, World Food Program of the United Nations	2021 – Today
Consultant, United Nations Department for Economic and Social Affairs	2020 – 2021

SELECTED PRESENTATIONS AND WORKSHOPS

Does not include internal seminars.
AY 2025/26 ECB (Seminar), Chicago FED (Seminar), IMF (Seminar), World Bank (Seminar), ECB Forum on Central Banking 2026, EEA 2026, PSE-CEPR Policy Forum 2026, EEA-ESEM 2026, Midwest Macro Spring 2026 Conference, RIEF Meeting 2026, Theories and Methods in Macro 2026, Midwest Macro Spring 2026, EDGE Conference 2025.
AY 2024/25 IMF (Seminar), EUI (Seminar), CEPR Paris Symposium 2024 (Poster)
AY 2023/24: 96th International Atlantic Economic Conference

SCHOLARSHIPS AND AWARDS (*OFFERED)

ECB Young Economist Prize (10,000 EUR)	2026
Cambridge Finance Best Student Paper Award (2,000 GBP)	2026

Last updated: February 2026

Runner-up for the Cambridge Finance Best Student Paper Award (500 GBP)	2024
Cambridge Endowment for Research in Finance (CERF) PhD Scholarship	2023 - 2025
University of Cambridge Faculty of Economics PhD Studentship	2022 – 2025*
German Academic Scholarship Foundation Studentship	2017 – 2027*
Carlo Schmidt Fellowship	2020, 2021
John Ying Wah Gibson Prize	2019

TEACHING

Undergraduate Supervisor, University of Cambridge
Macroeconomic Principles and Problems (2nd year undergraduate) — 2022, 2023

Graduate Teaching Assistant, University of Cambridge
Theory and Practice of Econometrics I (Diploma in Economics) — 2022, 2023

SERVICES

Cambridge Undergraduate Admissions Interviewer	2025
PhD Student Representative, Cambridge Faculty of Economics	2024
Mentor the Economics PhD Applicant Mentoring Program (AMP)	2023, 2024
Regional Representative of the German Academic Scholarship Foundation's scholars in Cambridge	2023

PERSONAL INFORMATION

Languages: German (native), English (native proficiency), French (basic)

Citizenship: German, U.K. Settled Status

Software: MATLAB • R • STATA • Python

Last updated: February 2026