



UNIVERSITY
OF BRESCIA

DEPARTMENT OF ECONOMICS AND MANAGEMENT



SEMINAR

Unconventional Policies, Asset Returns, and Wealth Inequality

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Chair: Prof. Francesco Menoncin

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Wednesday, April 16th, 2025, 2:30 PM

Room C1, C.da S. Chiara 50

We test a new transmission channel of unconventional monetary and fiscal policies to asset prices based on portfolio rebalancing. A novel measure of disequilibrium in desired money holdings predicts future stock and corporate bond returns. Unconventional expansionary policies lead to higher stock and bond prices, which lowers firms cost of capital and increases investors wealth, stimulating the economy through higher investment, employment, and hence output. However, we find that these policies exacerbated wealth inequality because the financial benefits of higher prices of financial assets accrued mostly to the right tail of the wealth distribution of households, that is, asset holders.

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