

# Siqiang Yang

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## **PERSONAL**

Date of Birth: January 27, 1992  
Citizenship: China (F-1 Visa)  
Language: Chinese (native), English (fluent)

## **EDUCATION**

Ph.D. Candidate in Economics, University of Pittsburgh, USA, (expected in June 2019)  
Thesis Title: “Essays on Sovereign Default and Household Portfolio Choice”  
Thesis Committee: Prof. Marla Ripoll (co-chair), Prof. Sewon Hur (co-chair),  
Prof. Daniele Coen-Pirani, Prof. Christopher Telmer

B.S. in Mathematics and Economics, Nanyang Technological University, Singapore, 2013

## **RESEARCH INTERESTS**

Primary Fields: Macroeconomics, International Finance  
Secondary Fields: Household Portfolio Choice

## **WORKING PAPERS**

**[“Nominal Exchange Rate Volatility, Default Risk and Reserve Accumulation”](#)**

(Job market paper)

**[“Household Portfolio Accounting”](#)** (with Sewon Hur and Chris Telmer)

## **RESEARCH IN PROGRESS**

**“Parental Education Investment and Money Transfers to Adult Children”**

**“Local Bankruptcy, Contagion, and State Takeovers”** (with Sewon Hur and Daniele Coen-Pirani)

## **RELEVANT POSITIONS HELD**

Visiting Scholar, Federal Reserve Bank of Cleveland August 2018

## **TEACHING EXPERIENCE**

**Instructor**, University of Pittsburgh Summer 2016, 2018  
Introduction to International Economics

**Teaching Assistant**, University of Pittsburgh Spring 2016, 2018  
Introduction to Macroeconomics Fall 2017, 2018

## **SEMINAR AND CONFERENCE PRESENTATIONS**

Midwest Macro Meetings, Vanderbilt University November 2018  
Society for Economic Dynamics Annual Meeting, Mexico City June 2018  
University of Pittsburgh Macro Brown Bag Fall 2015 to Fall 2018  
Midwest Macro Meetings, University of Pittsburgh November 2017  
Asian Meeting of the Econometric Society, Hong Kong June 2017  
China Meeting of the Econometric Society, Wuhan June 2017  
University of Pittsburgh Grad Expo March 2014

## **HONORS, FELLOWSHIPS AND GRANTS**

Graduate Fellowship, University of Pittsburgh 2013 to 2018  
Andrew Mellon Predoctoral Fellowship, University of Pittsburgh 2016  
Best Second Year Paper Award, University of Pittsburgh 2016  
Graduate Summer Fellowship, University of Pittsburgh 2015  
Dean's List, Nanyang Technological University 2013  
President Research Scholarship, Nanyang Technology University 2010 to 2013

## **WORKING PAPERS ABSTRACTS**

### **“Nominal Exchange Rate Volatility, Default Risk and Reserve Accumulation”**

(Job market paper)

**Abstract:** The paper investigates how nominal exchange rate volatility affects a sovereign's default risk and its incentive to accumulate reserves. The model considers an environment where the sovereign faces a currency mismatch problem and is subject to volatile exchange rate fluctuations. This implies that when the exchange rate depreciates, the debt burden in terms of domestic currency increases, leading to higher default risk and borrowing costs. To insure against this risk, the sovereign optimally accumulates reserves to (i) smooth consumption when borrowing becomes costly, (ii) to hedge against the depreciation of the exchange rate, and (iii) to reduce the volatility of the exchange rate. The model is then calibrated using data from Mexico (1991-2015). The model can replicate the

positive association between nominal exchange rate volatility and sovereign default risk. It can also generate more than half of the reserve holdings in Mexico. Moreover, all three channels of reserve accumulation are shown to be quantitatively important.

**“Household Portfolio Accounting”** (with Sewon Hur and Chris Telmer)

**Abstract:** What accounts for the large heterogeneity in household portfolio composition in the United States? We consider a standard life-cycle model with labor income risk and portfolio choice (Cocco et al. 2005), augmented with a savings wedge that lowers the return on saving and a risky wedge that lowers the relative return on risky assets. Using the U.S. survey data (2004-2016), we compute household-level wedges that rationalize the data, in the spirit of Chari et al. (2007). This paper has two main contributions. First, we use the wedges to guide plausible frictions that researchers should consider. Second, we analyze the extent to which household characteristics can account for the wedges. For example, we find that risky wedges are decreasing in age and education, smaller for self-employed households, homeowners, and white households.

**RESEARCH IN PROGRESS**

**“Parental Education Investment and Money Transfers to Adult Children”**

**Abstract:** The paper documents and analyzes how parents allocate resources among their children, and how the composition of these resources regarding education investment and adult money transfers differs across families. The standard altruistic model predicts that parents should give more education investment to the better-endowed kid, and give more adult money transfers to the less-endowed kid for compensation. Therefore there should be a substitution pattern in allocating education and money transfers to different kids. However, using a sample of matched parent-child pairs from the Wisconsin Longitudinal Study, the paper finds only 14% of the families have this transfer pattern. Motivated by the empirical evidence, I build a life-cycle altruistic model to investigate the important channels that could rationalize the data. Specifically, the paper considers whether the labor market risk can quantitatively resolve this inconsistency. Due to higher return to education, the better-endowed kid should receive more education investment. However, because of the uncertain labor market realization, his labor market outcome could be worse than other kids, which results in larger money transfers from parents for compensation. Understanding these transfer motives is essential to evaluate the families’ role in shaping income and wealth inequality, and also their response to government redistribution policy.

**“Local Bankruptcy, Contagion, and State Takeovers”** (with Sewon Hur and Daniele Coen-Pirani)

**Abstract:** Recently the city of Detroit defaulted on more than 600 million dollars of its general obligation bonds, the largest municipal bankruptcy in the US history. More generally, state governments' outstanding bonds and underfunded liabilities amount to \$4 trillion, while the underfunded pensions and health care liabilities in a sample of large US cities exceed two hundred billion dollars. These facts raise the issue of whether these levels of indebtedness are excessive and whether we are likely to observe defaults by local and

state governments in the coming years. We construct a quantitative model of local government debt and default, which allows us to perform counterfactuals and study the effects of alternative policies and laws. The model extends the sovereign default models by including labor mobility across cities and local bankruptcy laws that do not exist in the international framework. Using the calibrated model, we investigate the quantitative tradeoffs for adopting the Chapter 9 bankruptcy law at the local and state level, the implications for defaulting of underfunded pension plans, as well as whether bailouts are quantitatively desirable and how large bailout packages should be.

## **REFERENCES**

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