

# 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)

**[“Parental Education Investment and Money Transfers to Adult Children”](#)**

## **RESEARCH IN PROGRESS:**

**[“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 the nominal exchange rate volatility affects a sovereign's default risk and its incentive to accumulate reserves. First, the paper documents a positive correlation between nominal exchange rate volatility and sovereign default risk, and shows that the correlation becomes stronger when more of the external debt is in foreign currency. This finding suggests that nominal exchange rate volatility and foreign currency debt is important in understanding the default risk. To further explore its link with reserve accumulation, I build a sovereign default model with nominal debt and reserve in foreign currency. The model considers an environment where the sovereign faces a currency mismatch problem and is subject to volatile exchange rate fluctuations. It implies that whenever exchange rate depreciates, debt burden in terms of domestic currency

increases, leading to higher default risk and borrowing cost. To insure the risk, the sovereign can optimally accumulate reserves to smooth consumption when borrowing becomes costly, to hedge against the depreciation of the exchange rate, and to reduce the volatility of the exchange rate. The model is then calibrated using the 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 the 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.

**“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.

**REFERENCES:**

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