University of California, Santa Cruz
Economics Department

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Curriculum Vitae
Fall 2009

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University of California, Santa Cruz
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Major fields of concentration

Primary: International Finance and Trade
Secondary: Applied econometrics, Computation and experiment economics, Development economics

Dissertation

Title: *Essays on international financial market -- challenges from globalization*.
Dissertation committee: Joshua Aizenman (Chair), Kenneth Kletzer, Yin-Wong Cheung,
Expected completion: December 2009

References:

Joshua Aizenman	Kenneth Kletzer	Yin-Wong Cheung	Daniel Friedman
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Education:

2009	Ph.D. in International Economics,	University of California, Santa Cruz
2004	Inter-field program in Political Science and Economics,	Claremont Graduate Univ.
2002	M.A. in International Economics,	Fudan University
1998	B.A. in International Economics,	Fudan University

Professional Experience:

Teaching:

University of California, Santa Cruz (2005-2009)

As teaching assistant: teaching classes include *Introduction to Microeconomics*, *Introduction to Macroeconomics*, *Econometrics*, *International trade*, *International finance*, *Investments & Security Markets*, *Intermediate Macroeconomics*.

With teaching evaluation 4.5-4.8/5.0 during the last one year

As instructor:

Teaching class Intermediate Macroeconomics（summer 2007，2009）

With teaching evaluation 4.4/5.0 as instructor

China European International Business School (2002-2003)

As professor assistant: Support professor in MBA and EMBA teaching (Marketing and business strategy). Coordinate and supervise MBA student in their group projects.

Research:

University of California, Research Assistant

SCIIE (Santa Cruz Institute for International Economics (2007.4 -2009)

Conduct empirical analysis on international finance issues, including market simulation, foreign exchange prediction, and international reserve analysis.

LEEPs (Economics experimental Lab in UC) (2006-2008)

Hold human laboratory experiments, and conduct research on behavior economics and international finance: projects include portfolio management, financial crisis and etc.

IBM Almaden research center, Summer intern (2007)

Design programs to construct the simulations for electronic auction market. Compare the profits of simulated agents who using different trading strategies.

China European International Business School (CEIBS), Professor assistant, (2002-2003)

Apply quantitative analysis on marketing and business strategy. Also participate in consulting projects of marketing and brand development.

Honors and Awards:

UCSC teaching assistant sabbatical fellowship (2008)

IBM Almaden research center NSF research grant (2007 summer)

Merit-based Tuition Fellowships, University of California at Santa Cruz: 2005-2007

Regent's Fellowship, University of California at Santa Cruz: 2004-05

Recent Publications and Working Papers

--- "Open interest position and FX futures prices, an application of TVTP Markov switching model in foreign exchange futures market" (job market paper)

--- "The financial crisis and sizable international reserves depletion: From 'fear of floating' to the 'fear of losing international reserves'? " *NBER working paper*, No.15308, 2009 (with J.Aizenman). Posted on VoxEU.org, the policy portal set up by Centre for Economic Policy Research (CEPR)

--- "Globalization and the Sustainability of Large Current Account Imbalances: Size Matters" *NBER working paper*, No.13734, Jan 2008 (with Joshua Aizenman) Paper presented at

- American Economic Association annual meeting, San Francisco, Jan. 4, 2009
- Summer Workshop in International Economics, Univ. of Washington, Seattle, Aug. 18, 2008.
- 7th conference Korea and the World Economy, Seoul, June 2008

--- "Foreign Direct Investment in Russia and Lessons for China." The Chinese Economy, Vol. 42, No.3 (May-June, 2009) pp 78-93 (with Yi Feng and Joshua Walton)

--- "Private, state-owned, foreign-invested enterprises: an analysis of investment sources on growth in China" in Private Enterprises and China's Economic Development, ed. Shuanglin Lin. Aldershot, Hampshire: Ashgate Publishing. May 2007 (with Yi Feng)

--- "Structural change, savings and current account balance" (chapter in thesis)

--- "Trade credit, firm size and production linkage: the role of financial development on growth" (working in progress)

Abstract of Research Papers:

"The financial crisis and sizable international reserves depletion: From 'fear of floating' to the 'fear of losing international reserves'?**"** *NBER working paper*, No.15308, Oct 2009

Abstract This paper studies the degree to which Emerging Markets (EMs) adjusted to the global liquidity crisis by drawing down their international reserves (IR). Overall, we find a mixed and complex picture. Intriguingly, only about half of the EMs relied on depleting their international reserves as part of the adjustment mechanism. Trade related factors (trade openness, primary goods export ratio, especially large oil export) seem to be much more significant in accounting for the pre-crisis IR/GDP level of countries that experienced a sizable depletion of their IR in the first phase of the crisis. These findings suggest that countries that internalized their large exposure to trade shocks before the crisis, used their IR as a buffer stock in the first phase of the crisis. Their reserves loses followed an inverted logistical curve – after a rapid initial depletion of reverses, losing not more than one-third of their pre crisis IR. In contrast, for countries that refrained from a sizable depletion of their IR during the first crisis phase, financial factors account more than trade factors in explaining their initial level of IR/GDP. Our results indicate that the adjustment of Emerging Markets was constrained more by their fear of losing international reserves than by their fear of floating.

"Globalization and the Sustainability of Large Current Account Imbalances: Size Matters" *NBER working paper*, No.13734, Jan 2008

Abstract This paper evaluates the sustainability of large current account imbalances in the era when the Chinese GDP growth rate and current account/GDP exceed 10%. We investigate the size distribution and the durability of current account deficits during 1966-2005, and report the results of a simulation that relies on the adding-up property of global current account balances. Excluding the US, we find that size does matter: the length of current account deficit spells is negatively related to the relative size of the countries' GDP. We conclude that the continuation of the fast growth rate of China, while maintaining its large current account/GPD surpluses, would be constrained by the limited sustainability of the larger current account deficits/GDP of countries that grow at a much slower rate. Consequently, short of the emergence of a new "demander of last resort," the Chinese growth path would be challenged by its own success.

"Open interest position and FX futures prices, an application of TVTP Markov switching model in foreign exchange futures market" (Job market paper)

Abstract: In this paper we examine the relationship between price returns and the open interest positions in the major foreign currencies' futures markets. Using weekly data of 5 well traded currencies, we find that changes in traders' open interest position are Granger caused by the previous weeks' price changes. Large speculators are positive-feedback traders, while hedgers are negative-feedback traders. We also find that trader's open interest positions contain some information about future long-term price change. To use this information, we relax the traditional fixed transition probability assumption of the Markov regime switching model, and allow the regime switch transition probability to vary with the speculator's unexpected net long position. By applying this modification, we are able to incorporate trader's net position into the prediction of monthly and quarterly price changes. We find that speculators in Canadian dollar and the Euro market have persistent prediction power, thus we can use their open interests position to improve the forecast of monthly price returns. However we find this result is sensitive to the choice of currencies and return periods.