

YAMIN AHMAD

September 2009

EDUCATION

Georgetown University, Washington D.C., U.S.A. 08/99 – 07/04

Ph.D. Economics, August 2004

Dissertation: *The Transmission Mechanism of Monetary Policy* Defended: July 2004

Supervisors: Behzad T. Diba, Matthew. B. Canzoneri, Robert E. Cumby

▪ Awarded Graduate Merit Fellowship, given to promising graduate students in Economics

Specialization: *Monetary Economics, International Macroeconomics*

MA in Economics May 2001

Specialization: New Keynesian Macroeconomics, Computational Economics, Econometrics

University of Bristol, Bristol, U.K. 08/98 - 08/99

MSc in Econometrics Jan. 2000

Graduated with Distinction (equivalent to Summa Cum Laude)

Specialization: Time Series Modeling, Advanced Micrometric Modeling, Financial Markets

London School of Economics and Political Science, London, U.K. 09/95 – 07/98

BSc in Economics July 1998

Graduated 2.1 with Honors (equivalent to Magna Cum Laude)

EMPLOYMENT

University of Wisconsin – Whitewater August 2004 – present

Assistant Professor

PUBLICATIONS

“Money Market Rates And Implied CCAPM Rates: Some International Evidence”,

Quarterly Review of Economics and Finance, Vol. 45, No. 4, pp 699- 729 September 2005

“The Effects of Small Sample Biases In Threshold Autoregressive Models”,

Economics Letters, Vol. 101, pp 6 - 8 August 2008

“Modeling the Time to an Initial Public Offering: When Does the Fruit Ripen?”, (with Russ Kashian)

Journal of Economics and Finance, *forthcoming in 2009* May 2007

“Searching for Nonlinearities in Real Exchange Rates”, (with Stuart Glosser)

Applied Economics, *online version*: <http://dx.doi.org/10.1080/00036840902817797>, iFirst, pp. 1 – 17; *paper version forthcoming*, May 2009

“International Observations Of Monetary Policy Periods Over The Last Three Decades”,

IUP Journal of Monetary Economics, Vol. VII, Nos. 3&4, pp. 7 – 43 Aug & Nov. 2009

WORKS IN PROGRESS

- “*Estimating the Federal Reserve’s Inflation Target: What Effect Does the Inflation Target have on the Yield Curve*”, (Working Title) with Stuart Glosser June 2009
- “*Temporal Biases in the Nominal Exchange Rate: Are Exchange Rates Too Stationary?*” (Working Title) (with Ivan Paya) June 2009
- “*Should Monetary Policy Target Asset Prices?*” September 2005 (with Luis San Vicente Portes)
- “*Heterogeneity and Limited Participation: Implications For Interest Rate Movements*”, (Working Title) May 2003

WORKING PAPERS

(Abstracts available from my homepage)

- “*Temporal Aggregation and Purchasing Power Parity Persistence*”, (with William Craighead) June 2009
- Submitted to the *Journal of Money Credit and Banking*
- “*Reconciling The Effects of Monetary Policy Actions on Consumption Within A Heterogeneous Agent Framework*”, Dissertation Chapter, Georgetown University July 2004
- Currently being revised. To be submitted to the *BE Journal of Macroeconomics*
- “*The Impact of Temporal Sampling and Temporal Aggregation as Explanations for the Nominal Exchange Rate Puzzle*”
- Presented at the Midwest Economics Association Annual Conference, March 2008
 - Currently being revised. To be submitted to the *Journal of International Economics*
- “*Foreign Direct Investment Versus Portfolio Investment: A Global Games Approach*” (Working Title) (with Pietro Cova and Rodrigo Harrison) August 2006
- Currently being revised

CONFERENCES

Presentations

- 17th Society for Nonlinear Dynamics and Econometrics Conference
Atlanta, GA, United States April 2009
- Midwest Economics Association
Cleveland, OH, United States March 2009
- 2008 North American Summer Meetings of the Econometric Society
Pittsburgh, PA, United States June 2008

CONFERENCES

Presentations (cont.)

16 th Society for Nonlinear Dynamics and Econometrics Conference San Francisco, CA, United States	April 2008
Midwest Economics Association Chicago, IL, United States	March 2008
Midwest Economics Association Minneapolis, Minnesota, United States	March 2007
Nonlinear Dynamical Methods and Time Series Analysis, Udine, Italy	August 2006
Society for Computational Economics, Washington, D.C., United States	June 2005
Midwest Economics Association, Milwaukee, Wisconsin, United States	March 2005
Midwest Economics Association, Chicago, Illinois, United States	March 2004
Money, Macro and Finance Research Group 35 th Annual Conference, University of Cambridge, Cambridge, United Kingdom	September 2003
North American Summer Meetings of the Econometric Society, Northwestern University, Evanston, Illinois, United States	June 2003
Midwest Economics Association, St. Louis, Missouri, United States	March 2003

Discussant

Midwest Economics Association Cleveland (OH, 2009), Chicago (IL, 2008, 2006, 2004), Minneapolis (MN, 2007), Milwaukee (WI, 2005) St. Louis (MO, 2003)	2003 - 2009
---	-------------

REFEREEING EXPERIENCE

Quarterly Review of Economics and Finance, Journal of Business and Economics

PROFESSIONAL AFFILIATIONS

American Economic Association, Econometric Society, Midwest Economics Association

TEACHING AWARDS AND NOMINATIONS

COBE Hermsen Teaching Award Nominee	2007, 2008 and 2009
▪ One of three finalists in both 2008 and 2009	
Marquis' Who's Who of Teachers in America	2009

TEACHING EXPERIENCE

University of Wisconsin – Whitewater , Whitewater, U.S.A.	2004 – present
Principles of Macroeconomics	2004 - present
Money and Banking	2004 - present
Business Conditions Analysis	2006 – present
Business Cycle Theory	2008 - present
Advanced International Economics	2007 – present
Intermediate Macroeconomics	2008 - present

Georgetown University , Washington D.C., U.S.A.	1999 – 2004
<i>Lecturer</i>	
Mathematical Economics to incoming PhD students.	2000 – 2004
Macroeconomic Theory (Intermediate Macroeconomics)	2000 – 2004
<i>Teaching Assistant</i>	
Graduate Macroeconomics, (Macroeconomics I; Macroeconomics II)	2000 – 2004
Principles of Microeconomics, Head Teaching Assistant (Introductory Microeconomics)	Spring, 2001
Principles of Macroeconomics (Introductory Macroeconomics)	Spring, 2000

OTHER WORK EXPERIENCE

Georgetown University , Washington D.C., U.S.A.	
Research Assistant for Prof. William Jack.	Spring, 2002

TEACHING INTERESTS

Graduate:	Macroeconomics, Monetary Economics, International Finance, Mathematical Economics
Undergraduate:	Macroeconomics, Monetary Economics, International Economics, Intermediate Microeconomics, Econometrics, Mathematical Economics

KNOWLEDGE & SKILLS

Software Packages	Matlab, Gauss, Eviews, Scientific Workplace, Microsoft Office.
Web Design	Macromedia Dreamweaver, Fireworks, Flash, Photoshop, Javascript.

Working Papers:

Temporal Aggregation and Purchasing Power Parity Persistence

Joint with William Craighead

This paper uses a new monthly US-UK real exchange rate series for the period 1794-2005 to reexamine the academic debate over purchasing power parity (PPP). The consensus view described by Rogoff (1996) is that PPP holds in the long-run, but short run deviations are very persistent, with half-lives ranging from 3-5 years. Most of the literature using long time series relies on the data developed by Lee (1976) and Lothian and Taylor (1996), which are both at an annual frequency constructed from underlying higher-frequency data sources. Estimates of purchasing power parity persistence using these series may therefore be subject to aggregation bias. Using a unique new monthly dataset, we find evidence of aggregation bias which has led to overestimation of the half life of PPP deviations for the entire sample, as well as specific sub-periods. This result of aggregation bias appears to be robust even when considering the case that real exchange rates exhibit nonlinear dynamics.

JEL: F31, C22

Keywords: Temporal Aggregation, Real Exchange Rates, Purchasing Power Parity, Exchange Rate Persistence, Half-Lives

Foreign Direct Investment Versus Portfolio Investment: A Global Games Approach

(With Pietro Cova and Rodrigo Harrison)

We present a model of investment under uncertainty about fundamentals, using a global games approach. Goldstein & Razin (2003) show that there is an information based trade-off between foreign direct investment (FDI) and portfolio investment (PI) which rationalizes some well known stylised facts in the literature - the relative volatility and reversibility of foreign direct investment versus portfolio investment. We extend their result and show that uncertainty about fundamentals does not imply a multiplicity of investment outcomes even when there is an information-based trade-off between direct investments and portfolio investments. In our paper, uncertainty about fundamentals actually helps narrow down the set of possible equilibria. Hence we find that the equilibrium outcome does not exhibit co-ordination failure.

JEL Classifications: C71, D82, F21

Keywords: Foreign Direct Investment, Portfolio Investment, Global Games, Financial Transparency

Reconciling the Effects of Monetary Policy Actions on Consumption Within A Heterogeneous Agent Framework

Currently under revision. To be submitted to the BE Journal of Macroeconomics

This paper examines the prediction implied by the transmission mechanism of monetary policy in NNS models, that real interest rates and expected consumption growth should be perfectly correlated. The empirical literature on monetary policy documents a 'hump-shaped' response of aggregate consumption to a monetary policy action, and finds the correlation between real interest rates and expected aggregate consumption growth to be low, and often negative. This paper incorporates heterogeneous agents into a NNS model with nominal inertia, to try and reconcile these facts. The key findings are that heterogeneity and wage inertia are needed to help reconcile these observations.

The Impact of Temporal Sampling and Temporal Aggregation as Explanations for the Nominal Exchange Rate Puzzle

This paper investigates whether temporal biases arising from sampling and aggregation can be used to explain the unusual persistence in the nominal exchange rate - what is referred to as the nominal exchange rate puzzle. I use daily exchange rate data to construct lower frequency datasets, and then estimate the half-life using the aggregated data. The key findings in the paper are that estimates of the half-life using daily data are lower than those found when estimated using lower frequency data. I go on to show that biases exist from temporal sampling and aggregation and calculate these explicitly using Monte Carlo simulations. However, even when the magnitude of the biases are taken into account, I find that the nominal exchange rate puzzle remains.

WORKS IN PROGRESS:

Heterogeneity and Limited Participation: Implications For Interest Rates

The focus of this paper is to examine the transmission mechanism of monetary policy and its implications for movements in real interest rates within a limited participation framework. I attempt to resolve the puzzle highlighted by Canzoneri, Cumby and Diba (2002), who find the Federal Funds rate to be negatively correlated with the implied CCAPM rate. In doing so, I would like to reconcile two well-known facts in the literature. The first is the inability of aggregate consumption data in being able to fit the consumption Euler equation. The second is the relative success of micro-level consumption data in being able to do so. My intuition here revolves around asset market frictions. The existence of a wealth distribution within the economy leads households to exhibit different savings behaviour depending on where they lie on the distribution. Households near the top end of the wealth distribution are more likely to save, compared to those near the bottom end who consume out of current income. As a result, only they should respond to changes in interest rates leading the consumption Euler equation to hold for them. Aggregating across all households should lead to the poor relationship seen between aggregate consumption growth and real interest rates.

Estimating the Federal Reserve's Inflation Target: What Effect Does the Inflation Target Have on the Yield Curve

Joint with Stuart Glosser

Most of the recent literature on monetary policy that utilize a Taylor rule, do so with an assumption of a constant inflation target. This paper uses a state-space model with time varying parameters to derive the path for the inflation target embedded within the Taylor rule. In doing so, we find significant variation in the inflation target. Moreover, we find that a change in the inflation target leads to no measurable change in the yield curve for short term interest rates, although there is a significant impact for medium to long term interest rates.

Temporal Biases in the Exchange Rate: Are Exchange Rates too Stationary?

Joint with Ivan Paya

This paper investigates the temporal biases which arise from sampling and aggregation for exchange rates series which follow a random walk process. We use daily (business day) exchange rate data to construct lower frequency datasets, and then estimate the persistence of these aggregated data. We demonstrate the presence of the bias analytically and then proceed to calculate the size of the bias through stochastic simulations. The key findings in the paper are that coefficient estimates on the random walk parameter exhibit substantial size distortions using lower frequency data.