Chuyi Sun
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Dear program committee,

I am writing to apply for the NBER Behavioral Macroeconomics Research Boot Camp for Graduate Students. I am currently a second-year Ph.D. student in Finance at University of North Carolina at Chapel Hill, Kenan-Flagler Business School. My advisor is Professor Camelia M. Kuhnen.

I am very excited about the opportunity to learn from leading researchers in this field. My current working paper with Cami, "Househhold Expectations and Local Economic Developments", examines whether local experiences of labor market and housing market fluctuations impact people's expectations about future personal finances. I hope to enhance my knowledge of behavioral macroeconomics to improve my current work and inspire my future research.

I am confident that my research interests and experiences are well suited for the research boot camp. I believe that I will learn a great deal from the leading researchers at the workshop and apply the knowledge in my future research. I have attached my curriculum vitae and my application essay.

Thank you very much for your time and consideration.

Sincerely,



Chuyi Sun

Chuyi Sun

UNC Kenan-Flagler Business School
300 Kenan Center Drive, MC 5113, Chapel Hill, NC 27599
email: chuyi_sun@kenan-flagler.unc.edu

Education

University of North Carolina at Chapel Hill — Chapel Hill, NC
Ph.D. in Finance — *2023 (expected)*

Washington University in St. Louis — St. Louis, MO
M.S. in Quantitative Finance — *2015*

The Chinese University of Hong Kong — Hong Kong
B.S. in Risk Management Science — *2014*

University of California, Los Angeles — Los Angeles, CA
Exchange Study — *2012*

Research Interests

Household Finance; Behavioral Finance; Corporate Finance

Working Paper

Household Expectations and Local Economic Developments, with Camelia Kuhnen

Ph.D. Courses Taken

Advanced Microeconomic Theory; Econometric Theory; Corporate Finance Theory; Information Economics; Financial Intermediaries and Macroeconomics; Financial Economics; Asset Pricing Theory; Asset Pricing with Non-standard Preferences; Foundations of Macro-finance; Applied Econometrics; Game Theory; Household Finance Seminar

Workshop and Summer School

Yale Behavioral Finance Summer School — *2019*

Teaching

Teaching Assistant | University of North Carolina at Chapel Hill
Entrepreneurial Finance — *Fall 2018*

Professional Experience

Fidelity Investments — Boston, MA
Senior Associate - Financial Solutions — *2015-2018*

Macroeconomic Advisors — St. Louis, MO
Student Researcher — *2015*

Awards and Certifications

Financial Risk Manager (FRM) Certification — *2018*
Passed Chartered Financial Analyst (CFA) Level I and II — *2018*
Passed Certified Financial Planner (CFP) exam — *2017*
Outstanding Finance Student Award, Washington University — *2015*
Dean's Honors List, UCLA — *2012*

Languages and Skills

Languages

English (Fluent) • Mandarin (Native) • Cantonese (Fluent) • Japanese (Intermediate)

Programming

R • Stata • VBA • Matlab

Application Essay

Chuyi Sun

I am very excited about the opportunity to attend the Behavioral Macroeconomics Research Boot Camp and learn from leading researchers in this field, which I believe will greatly help enhance my current research and inspire my future work.

My main research interests are in household finance, behavioral finance and macroeconomics. Specifically, my research agenda strives to understand how individuals make financial decisions and how their decisions can impact their own as well as the society's welfare. One research topic that I am most interested in is how people use information to form expectations, especially models that feature less than fully rational expectations.

In my current working paper with Cami Kuhnen, we investigate whether local economic developments relate with individuals' expectations about future personal finances. We find that local experiences have a substantial effect on people's expectations about future personal income and home value. Moreover, these expectations positively correlate with objective future local economic changes in the labor and housing market. Our paper connects to the literature of experiences and expectations, such as Malmendier and Nagel (2011, 2016) and Kuchler and Zafar (2019), and provides evidence of experience-based learning in the local domain. We are also planning on a follow-up paper that uses individual-level data of income, wealth, spending, and credit to analyze how financial decision-making and consumption are affected by local economic shocks and testify the expectation channel through which local experiences impact decisions. I would like to further explore what mechanism best explains our current empirical findings. Given various information frictions that individuals face, I think I need to better understand different models developed in the behavioral macroeconomics literature and apply frameworks that characterize

the statistical and economic significance of deviations from the full-information rational expectations as suggested in Coibion and Gorodnichenko (2012, 2015).

In my future research, I would also like to explore heterogeneous degrees of informational frictions faced by people and the interactions of individuals and financial institutions with different levels of sophistication. Specifically, I plan to test whether people learn from limited information better in certain domains of expectations. For example, our current working paper shows preliminary evidence that individuals are better at using information of local housing returns to form expectations about future local home value compared with national home value. It is possible that people extrapolate local housing returns to form beliefs about both future local and nationwide housing dynamics, and the limited information is more correctly used for the former than the latter. Furthermore, local real estate companies could have more knowledge of local housing market and form more accurate expectations than individuals. What impact the interactions of these agents have on the aggregate economy and what communication strategies policy-makers can use to better shape their expectations are questions of particular interest to me.

My research objective is to combine theory and data to improve our understanding of expectation formation and help guide policy designs. As a second-year Ph.D. student, I know that I still have a long way to go before I am able to expand the knowledge boundaries, but I will make every effort throughout my research career to achieve this goal. My training in Ph.D. coursework and experience at the Yale Behavioral Finance Summer School gave me great exposure of psychological foundations and rigorous techniques used in behavioral finance. I will be thrilled to learn from the leading scholars' immense research expertise at the Behavioral Macroeconomics Research Boot Camp and take a further step to realize my goal. I sincerely hope that I can contribute to this research field in the future. Thank you very much for considering my application.

References

Coibion, Olivier, and Yuriy Gorodnichenko, 2012, What can survey forecasts tell us about informational rigidities?, Journal of Political Economy 120, 116-159.

Coibion, Olivier, and Yuriy Gorodnichenko, 2015, Information rigidity and the expectations formation process: A simple framework and new facts, American Economic Review 105, 2644– 2678.

Kuchler, Theresa, and Basit Zafar, 2019, Personal experiences and expectations about aggregate outcomes, The Journal of Finance 74, 2491–2542.

Malmendier, Ulrike, and Stefan Nagel, 2011, Depression babies: Do macroeconomic experiences affect risk-taking?, Quarterly Journal of Economics 126, 373–416.

Malmendier, Ulrike, and Stefan Nagel, 2016, Learning from inflation experiences, Quarterly Journal of Economics 131, 53–87.

Camelia M. Kuhnen
Professor of Finance
University of North Carolina
Kenan-Flagler Business School
300 Kenan Center Dr., MC #4407
Chapel Hill, NC 27599, USA

December 9, 2019

To Whom It May Concern:

I am writing to express my strongest support for Chuyi Sun's application to the NBER Behavioral Macroeconomics Research Boot Camp to be held in March 2020. Chuyi is one of the very best PhD students that I had the opportunity to mentor closely during my entire academic career.

Chuyi is a second-year Finance PhD student at the Kenan-Flagler Business School at the University of North Carolina – Chapel Hill. Chuyi has been an outstanding student and collaborator. She has taken my PhD-level course on Household Finance and received the highest grade. She has worked for me as a research assistant for several months and demonstrated she has great potential as a researcher.

As a result, she quickly became my co-author on a project regarding households' ability to monitor and learn from local economic developments, and to accurately forecast future developments in the local economy. Chuyi has been a critical collaborator on this project. She has done a significant part of the development of the research question, the literature review, data cleaning and data analysis. She is a wonderful person to work with, because she is very smart, very thorough, and hard-working. I can not imagine a better junior collaborator.

Chuyi's research interests lie at the intersection of household finance and macroeconomics. She has come to our Finance PhD program after working for Fidelity for several years in areas related to consumer and investor behavior, and therefore has a great deal of institutional knowledge that can help inform her research in areas related to household finance/macroeconomics. She is keenly interested in understanding the drivers and consequences of the economic expectations of households.

Because of Chuyi's research focus, and her demonstrated ability as a PhD student and young researcher, I believe that she would benefit tremendously from attending the NBER Behavioral Macroeconomics Boot Camp, and would contribute significantly to the quality of the conversations held during the Boot Camp. I very much hope you will allow Chuyi to attend this event. If you have any questions for me about Chuyi, please do not hesitate to contact me.

Best regards,

Camelia M. Kuhnen

Camelia M. Kuhnen
Professor of Finance
UNC Kenan-Flagler Business School & NBER
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Phone: 919-962-3284