Abhiprerna Smit

PhD Candidate, University of California Irvine
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Position: Graduate Student Workshop on Heterogeneous-Agent Macroeconomics

Dear sir/ma'am,

I am applying for the Graduate Student Workshop on Heterogeneous-Agent Macroeconomics to be held in June 2023. I am a PhD candidate in Economics at University of California, Irvine and have completed all coursework requirements and have advanced to candidacy. My primary research interests are in fiscal policy, monetary economics, and behavioral macroeconomics. My work is focused on empirical macroeconomics and incorporating empirical findings in structural models.

In my first chapter of dissertation, I analyze the role of consumer sentiments in determining the effectiveness of fiscal policy for countries in the Euro area. I find that the stronger the response of sentiments to fiscal policy shock, greater is the effectiveness of fiscal policy in stimulating output. I validate my empirical findings using a New Keynesian DSGE model of a currency union and show that stronger correlation of sentiments with government expenditure makes fiscal policy more effective in stimulating output. I simulate the model with behavioral features in Julia.

One of the key features that I wish to incorporate in my models of fiscal policy going forward is heterogeneous agents. The unique nexus of macroeconomic policy and HANK models makes this workshop a great fit for my research interests and future pipeline.

Letter of recommendation for this application can be requested from:
Dr. William Branch
Professor, UC Irvine
(e) wbranch@uci.edu

Thank you for considering my application. I look forward to hearing from you.

Sincerely,
Abhiprerna Smit

Abhiprerna Smit

Contact Information

Department of Economics
University of California, Irvine

Phone: +1 (949) 664-3036
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Education

University of California - Irvine, USA
PhD, Economics, Fall 2017 - current
M.A., Economics, 2019

Madras School of Economics, CUTN, India
M.Sc., Economics, 2016

Hansraj College, University of Delhi, India
Bachelor of Commerce (Honours), 2013

Research Interests

Macroeconomic Policy, Monetary Economics, Behavioral Macroeconomics, Climate Change and Macroeconomy.

Working Papers

- Fiscal Policy and Sentiments in a Monetary Union.
- Stock Returns of Federal Reserve Officials.
  (with Cody Couture)
- Do Forecasters Check the Weather? Climatic Extremes and Inflation Forecast Errors.
  (with Gunes Kamber and Roland Meeks)
- Unconventional Monetary Policy and Consumption.

Research Visits

- International Monetary Fund - Fund Intern — June 2021 - September 2021
- Federal Reserve Bank of St. Louis - Dissertation Intern — August 2021

Presentations

- International Monetary Fund — 2022
- Federal Reserve Bank of St. Louis, Canadian Economic Association — 2021
- Delhi School of Economics Winter School — 2020
- Poster Presentations: IWH-CIREQ-GW Environmental Workshop (2021) , UC Irvine Graduate Poster Session (2019,2020,2021)

Fellowships and Awards

- Associate Dean Fellowship, UCI — Fall 2020
- Summer Research Fellowship, UCI — 2019, 2020, 2021
- Graduate Dean's Recruitment Fellowship, UCI — 2017
- Junior Research Fellowship, University Grants Commission, India — 2016
- Scholarship under Central Sector Scholarship Scheme, Ministry of Human Resource and Development, India — 2010

COURSEWORK COMPLETED

University of California, Irvine
Teaching Assistant **Fall 2017 - present**

- Core Micro, Macro, and Econometric Sequence.
- Monetary Economics I & II (research in monetary economics)
- Advanced Macroeconomics I (covered learning in macro, Bayesian estimation of macro models)
- Advanced Macroeconomics II (covered money and labor search models)
- Open Economy Macroeconomics

STATISTICAL PACKAGES:

Stata, Python, Julia, R.

REFEREEING EXPERIENCE

Economic Inquiry, Journal of Economic Dynamics and Control

PAST EMPLOYMENT

Research Associate **July 2016 - June 2017**
Centre for Advanced Financial Research and Learning, Reserve Bank of India

Research Assistant **Feb-July 2014**
Dr. Arijit Chatterjee, ESSEC Business School

POSITIONS OF RESPONSIBILITY

Editor, Department of Commerce, Hansraj College, University of Delhi **2012-13**

REFERENCE FOR THE APPLICATION

William Branch
Professor, UC Irvine
(e): wbranch@uci.edu
phone: +1 (949) 824-4221

Abhiprerna Smit
PhD Candidate, University of California Irvine

Research Statement

I am a macroeconomist with primary research interests in fiscal policy, monetary economics, and behavioral macroeconomics. My research looks at the conduct of monetary and fiscal policy, and its impact on household expectations and consumption behavior.

My paper titled *"Fiscal Policy and Sentiments in a Monetary Union"* looks at the effect of expansionary fiscal policy on output via its impact on consumer sentiments in a currency union. Empirical estimates from data for eight countries of the European Economic and Monetary Union (EMU) show that government expenditure increases consumer sentiments in peripheral countries more than core countries despite the high level of government debts in these economies. The higher sentiments responds translates into higher response of output. I validate my results in a two country model of a currency union where agents exhibit bounded rationality and form forecasts using a misspecified forecasting rule. I show that higher correlation of sentiments to fiscal policy increases the persistence of public spending shock on output. In one of my first working papers, I look at the heterogeneous transmission of unconventional monetary policy shocks (Forward Guidance and Large Scale Asset Purchases) on household consumption. I find that an expansionary LSAP shock results in higher consumption for debt constrained households who refinance their loans relative to homeowners who do not refinance, and households who are renters.

In my work in progress, I continue with my investigations on fiscal policy and its heterogeneous impact on expectations. I want to look at the impact of fiscal policy on investor expectations, which may face a higher penalty from an increase in government expenditure in countries with a higher risk of default. Preliminary analysis on the EMU suggests that government expenditure fails to raise business sentiments in the same way as consumer sentiments, resulting in a much weaker response of output. In my work in progress, I aim to reconcile this fact by incorporating an enriched banking sector, and default risk in a behavioral model of fiscal policy.

The coursework of the workshop is very relevant to my current research and future pipeline. I also believe that my training in macro models and Bayesian estimation will give me an advantage in quickly grasping the concepts and papers introduced in the workshop. I also have experience in simulating and estimating models using a variety of statistical packages. If given the opportunity, from the workshop I aim to gain an understanding of most current methods in macroeconomic policy research, ways to incorporate heterogeneous agents in models, and different estimation tools for heterogeneous agents and other behavioral macro models. The workshop also gives me an amazing opportunity to connect with graduate students working in similar areas and start new projects with like-minded researchers.