

Yeji Sung

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Fields of Specialization

Primary: Macroeconomics. *Secondary:* Monetary Economics and Behavioral Economics.

Education

Columbia University, Ph.D., Economics, 2016 - present; M.A., Economics, 2017.
Seoul National University, M.A., Economics, 2015; B.A., Economics, 2013.

Job Market Paper

“Macroeconomic Expectations and Cognitive Noise”

ABSTRACT The rational expectations hypothesis cannot explain the seemingly conflicting pattern from recent studies: Consensus forecasts are under-revised while individual forecasts are over-revised. In this paper, I argue that cognitive noise — the unsystematic errors in human judgments — can explain this pattern. In particular, I suppose noise arises from two types of constraints, one in processing new information and another in remembering old information. I show that jointly modeling these two sources of cognitive noise is essential in understanding the pattern. I then estimate the extent of noise in the professional forecasters’ projections of the overall U.S. economy.

Working Paper

“Optimally Imprecise Memory and Biased Forecasts” (with Rava Azeredo da Silveira and Michael Woodford), NBER Working Paper No. 28075, Nov. 2020

- Revised and Resubmit, *American Economic Review*

ABSTRACT We propose a model of optimal decision making subject to a memory constraint. The constraint is a limit on the complexity of memory measured using Shannon's mutual information, as in models of rational inattention; but our theory differs from that of Sims (2003) in not assuming costless memory of past cognitive states. We show that the model implies that both forecasts and actions will exhibit idiosyncratic random variation; that average beliefs will also differ from rational- expectations beliefs, with a bias that fluctuates forever with a variance that does not fall to zero even in the long run; and that more recent news will be given disproportionate weight in forecasts. We solve the model under a variety of assumptions about the degree of persistence of the variable to be forecasted and the horizon over which it must be forecasted, and examine how the nature of forecast biases depends on these parameters. The model provides a simple explanation for a number of features of reported expectations in laboratory and field settings, notably the evidence of over-reaction in elicited forecasts documented by Afrouzi et al. (2020) and Bordalo et al. (2020a).

“The impact of TLTOR2 on the Italian credit market: some econometric evidence”
(with Lucia Esposito and Davide Fantino), Bank of Italy Temi di discussione No. 1264, Feb. 2020

ABSTRACT This work evaluates the impact of the second series of Targeted Longer-Term

Refinancing Operations (TLTRO2) on credit market conditions for Italian firms. The estimates use a difference-in-differences approach on quarterly data, including term loans, interest rates, and bank and firm characteristics, between the start of 2015 and the end of 2017. The TLTRO2 had a positive impact on credit, encouraging lending to firms and reducing interest rates. The impact on the amount of credit was stronger for less risky firms, while that on interest rates was stronger for riskier ones. Smaller firms benefited more in terms of both loan amounts and interest rates.

Publication

“The Relevance of the FTPL in Korea”

Journal of Economic Theory and Econometrics 26(1): 1-34, Mar. 2015.

(with Jungsik Hyun, Jung Yi Hong, and Jae Won Lee)

Fellowships and Grants

Federal Reserve Bank of St. Louis, Dissertation Fellowship, 2022

Federal Reserve Board, Dissertation Fellowship, 2021

Caswell L. Johnson Columbia Scholarship, 2019-2020.

Program for Economic Research, Columbia University, Data & Research Fellow Grant, 2018, 2019.

Ilju Academy and Culture Foundation, Ph.D. Fellowship, 2016-2020.

GSAS Dean's Fellowship, Columbia University, 2016-2021.

Teaching Assistance

Columbia University

Money and Banking (2019, 2020), The Psychology and Economics of Consumer Finance (MBA; 2019, 2018), International Trade (2017)

Seoul National University, 2013-2016.

Principles of Economics, Introductory Statistics for Economists, Microeconomics, Macroeconomics, Advanced Macroeconomics (Graduate), Applied Macroeconomics (Graduate)

Research Assistance

2018-2019: for Michael Woodford

2017-2018: for Adam Guren, Emi Nakamura and Jón Steinsson

2014-2016: for Jae Won Lee

Workshop and Conference Presentations

2022: ASSA Meeting

2021: Federal Reserve Board, MA Workshop & IFB Lunch Workshop

2020: Bocconi Virtual Ph.D. Conference (Behavioral Macro-Finance)

2019: The Sloan-Nomis Workshop on the Cognitive Foundations of Economic Behavior, Young Economists Symposium

2016: The Econometric Society Australasia Meeting

2015: Korea's Allied Economic Associations Annual Meeting

Personal

Citizenship: South Korea

References

Michael Woodford

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