

Wonmun Shin

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Education

2020 (expected)
2012

Ph.D. in Economics
B.A. in Economics (*Valedictorian*)

Columbia University
Sungkyunkwan University

Fields of Specialization

Primary Field: Macroeconomics
Secondary Field: International Finance

Job Market Paper

“Consumption Volatility and Housing”

Abstract: This paper links the two stylized facts of business cycle observed in emerging countries --- higher house price volatility and relative consumption volatility --- by providing an evidence of a positive relationship between two volatilities across countries. I build up a real business cycle model with housing for small open economy by incorporating new features into the existing theoretical framework to explain it. Specifically, the model explicitly accommodates a housing rental market and its price whose role has been overlooked in explaining consumption volatility though housing consumption whose corresponding price measure is the rent accounts for non-negligible portion of total consumption. Moreover, the disaggregation of housing and non-housing consumption brings new stylized facts for emerging countries: first, housing consumption is more volatile than non-housing consumption in emerging countries; second, non-housing consumption still shows excessiveness in emerging countries. The result of the model suggests that the variation of credit shock volatility is a driving force in generating the relationship between house price volatility and relative consumption volatility, and this paper provides qualitative evidences for cross-country discussion. The mechanism relies on a financial friction of housing collateral constraint, the degree of which gives an account of excess non-housing consumption volatility in emerging countries. I also discuss another key friction, a rental market friction, which explains the higher housing consumption volatility for emerging countries.

Working Papers

“A New Angle on Excess Consumption Volatility in Emerging Countries: Does House Price Matter?”

Abstract: This paper focuses on house prices in order to explain *excess consumption volatility*, which is

one of the stylized facts of the business cycle observed in emerging countries. The relative consumption volatility compared to output volatility is higher in emerging countries than in rich countries. Because house prices in emerging countries are more volatile than in advanced countries, this paper suggests house price fluctuation as a driving source of excess consumption volatility. To begin, I construct a cross-country dataset and suggest several findings. First, there is a positive relationship between house price volatility and relative volatility of consumption across countries. Second, house price volatility is also positively correlated with disaggregated consumption --- housing consumption and non-housing consumption --- though housing consumption is more volatile than non-housing consumption in emerging countries. Then, I build a real business cycle model with two agents (homeowners and renters) to capture the above empirical findings. The result of the model suggests that house price volatility is a key factor in understanding excess consumption volatility and that the mechanisms behind it are a collateral effect and a rental price pass-through. The former is related to the borrowing capacity affected by house price change, and the latter is related to the link between house prices and housing consumption volatility.

“Can Monetary Policy Influence Household Consumption through Housing Prices?: Empirical Analysis of the Homeowner Balance Sheet Channel” (*with Yejin Kim*)

Abstract: Under the circumstance of increasing concerns regarding debt deflation with a recent housing price decrease, this paper studies the impacts of a monetary policy shock such as a change in base rate of the central bank on household consumption through homeowner balance sheet channel — wealth effect and collateral effect. We estimate household consumption function using Korean Labor and Income Panel Data (2001-2012) with the instrument of housing supply in order to figure out the homeowner balance sheet channel in Korea, and find there is a significant effect of monetary policy through both wealth effect and collateral effect. Therefore, a central bank has to consider the homeowner balance sheet channel in addition to traditional monetary policy transmission mechanisms. Especially, the wealth effect shows a significant result across all income quantile groups whereas the collateral effect is significant in the low- and middle-income quantile groups, which implies the low- and middle-income quantile groups are more sensitive to the change in value of real estate assets. Thus, the monetary policy authority should take care of those groups in episode of housing price fall.

Honors and Awards

2014-2019	World Star Grant, Sungkyunkwan University [<i>5-year Ph.D. fellowship</i>]
2019-2020	Dissertation Fellowship, Columbia University
2017	Wueller Teaching Award (runner-up), Columbia University
2014	Bank of Korea Research Competition, Bank of Korea
2005-2012	World Star Scholarship, Sungkyunkwan University [<i>undergraduate</i>]

Research and Work Experience

2012-2014	Junior Economist, Bank of Korea
2006-2008	Military Service, Republic of Korea

Teaching Experience

Spring 2017 TA for 1st-year Ph.D. Macroeconomics (Prof. Schmitt-Grohé, Prof. Steinsson, Prof. Nakamura), Columbia University **[Evaluation: 5.12/6.00]**

Fall 2016 TA for Intermediate Macroeconomics (Prof. Sala-I-Martin), Columbia University
[Evaluation: 5.78/6.00, Wueller Teaching Award]

2012-2014 Lecture Series on Financial Stability Report (Jeju National University, Pusan National University, University of Ulsan, Chonbuk National University, Kangwon National University, Woosong University)

Presentations

House Prices, Frictions, and Consumption Volatility (Job market paper)

Midwest Macroeconomics Meetings (University of Georgia, 2019), Georgetown Center for Economic Research Conference (Georgetown University, 2019), Asian Meeting of the Econometric Society (Xiamen University, 2019), Young Economists Symposium (Columbia University, 2019), Midwest Macroeconomics Meetings* (Michigan State University, 2019)

A New Angle on Excess Consumption Volatility in Emerging Countries: Does House Price Matter?

Economics Graduate Student Conference (Washington University in St. Louis, 2018)

Refereeing

Journal of International Economics

Personal

Languages: Korean (native), English (fluent)

Programming: Matlab, Python, R, Stata

References

Stephanie Schmitt-Grohé (main sponsor)
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