

Mirewuti Muhetaer

CONTACT INFORMATION

Department of Economics
University of California, Riverside
900 University Avenue
Riverside, CA 92521, USA

Phone: +1 (573) 808-5138
Email: mmuhe001@ucr.edu
Website: <https://sites.google.com/ucr.edu/muhtar>

EDUCATION

Ph.D. in Economics, University of California, Riverside June 2021 (Expected)
M.A. in Economics, University of Missouri, Columbia 2016
B.S. in Mathematics and Applied Mathematics, Central China Normal University, Wuhan, China 2014

RESEARCH INTERESTS

Macroeconomics, Empirical Macroeconomics, Monetary Economics, Banking and Regulations, Cryptocurrency, Machine Learning

WORKING PAPERS

1. “Currency Substitution, Price, Exchange Rate, and Welfare” [Job Market Paper]
2. “Window Dressing Behavior of the U.S. Global Systemically Important Banks”
3. “Modernizing Taylor Rule with Time-Varying Inflation Target and Natural Rate of Interest”

TEACHING EXPERIENCE

Instructor, University of California, Riverside
Econ 003, Introduction to Microeconomics Summer 2019

Teaching Assistant, University of California, Riverside
Econ 105A, Intermediate Macroeconomic Theory Spring 2020
Econ 105B, Intermediate Macroeconomic Theory Winter 2020, Summer 2020
Econ 003, Introduction to Microeconomics Summer 2018, Winter 2019, Summer 2019
Econ 002, Introduction to Macroeconomics Fall 2017, Winter 2018, Spring 2018, Fall 2018
Spring 2019, Fall 2019
Econ 104B, Intermediate Microeconomic Theory Summer 2019

Teaching Assistant, University of Missouri, Columbia
Econ 3251, Theory of Firms Fall 2015
Econ 4353, Intermediate Macroeconomics Spring 2016

CONFERENCE AND SEMINAR PRESENTATIONS

Economic Theory Colloquium, University of California, Riverside Oct 2020
Econ-GSA Brown Bag Seminar, University of California, Riverside Mar 2020
Econ-GSA Brown Bag Seminar, University of California, Riverside Nov 2019

AWARDS AND HONORS

Dean’s Distinguished Fellowship, University of California, Riverside 2016-Present
Teaching Assistantship, University of California, Riverside 2017-Present
Minority Scholarship, Central China Normal University, Wuhan, China 2014
Xinjiang Scholarship, Central China Normal University, Wuhan, China 2012-2014
ChuangDa Scholarship, Central China Normal University, Wuhan, China 2011

UNIVERSITY SERVICE

Organizer, Econ-Graduate Student Association (Econ-GSA) Brown Bag Seminar

Winter 2020

SKILLS AND PERSONAL

Softwares: Matlab, STATA, R, Python, GAUSS, EViews, L^AT_EX, Dynare, Microsoft Office

Languages: Uyghur (Native), Mandarin (Fluent), English (Fluent), Turkic Languages (Intermediate)

Citizenship: China, F-1 Visa

REFERENCES

Marcelle Chauvet (Chair)
Professor of Economics
University of California, Riverside
Tel: +1 (951) 827-1587
Email: marcelle.chauvet@ucr.edu

Tae-hwy Lee
Professor of Economics
University of California, Riverside
Tel: +1 (951) 827-1509
Email: tae.lee@ucr.edu

DongWon Lee
Assistant Professor of Economics
University of California, Riverside
Tel: +1 (951) 827-1505
Email: dongwon.lee@ucr.edu

“Currency Substitution, Price, Exchange Rate, and Welfare”[Job Market Paper] [JMP]

The distributed ledger technology, which can eliminate the third party in a transaction, has been developing rapidly in recent years, especially in the private cryptocurrency sector, with strong implications for monetary policy and payment system. This paper examines the potential welfare effect of currency substitution between fiat currency and private cryptocurrency when both can be used as a medium of exchange. A dynamic general equilibrium model is developed, which captures novel features of a currently operating private cryptocurrency payment processor and uses the relevant data of bitcoin. The findings indicate that a private cryptocurrency with high rate of return and low stable exchange rate not only can compete with legal fiat currency but also has the potential of crowding it out. This significantly impacts the effectiveness of monetary policy. Changes in price have a small positive effect on consumer’s welfare while the effect of the exchange rate is significant and mixed. The results also suggest that more R&D is necessary to improve the currently operating blockchain network and online cryptocurrency exchange market to increase users’ welfare.

“Window Dressing Behavior of the U.S. Global Systemically Important Banks”

This paper examines window dressing behavior among the U.S. Global Systemically Important Banks (G-SIBs). Using supervisory data from large U.S. Bank Holding Companies (BHCs), I find that the U.S. G-SIBs repress their systemic importance scores in the year-end to lower their capital surcharges assigned by bank regulators. The priority and feasibility of reduction of scores in the five categories, which are size, interconnectedness, substitutability, complexity, and cross-jurisdictional activity, differ and complexity scores are the most reduced in the fourth quarter. I also show how macroeconomic activity and financial condition affect the systemic importance score. I find that U.S. specific method 2 (more strict) dominates the internationally accepted method 1 both in scores and in additional capital surcharges for the eight U.S. G-SIBs. However, under the year-end approach, banks are still deviating from the original intentions of the regulation. Based on my findings, I propose two new approaches to assign additional capital surcharges based on systemic importance scores of G-SIBs: quarterly average and quarterly maximum. The quarterly maximum approach is the most efficient in targeting banks that practice window dressing. Overall, the findings provide new evidence regarding the window dressing behavior of the U.S. banks and the effectiveness of the G-SIB framework, with implications for policymakers and bank supervisors.

“Modernizing Taylor Rule with Time-Varying Inflation Target and Natural Rate of Interest”

The traditional linear Taylor rule based on several assumptions like fixed natural rate of interest and inflation target is widely used as a monetary policy rule. However, the U.S. economy has changed significantly since the 2008 Financial Crisis, and the effectiveness of the linear Taylor rule has been subject to criticism. This paper examines the effectiveness of a linear Taylor rule in which both the natural rate of interest and the inflation target are time-varying. The time-varying variables are estimated with two different methods: a multi-step Maximum-Likelihood approach and a standard New-Keynesian framework. I find that applying time-varying estimates to the original Taylor rule (1993) slightly increases the accuracy of the policy rate for the post-1993 period, but the differences are significant. However, applying the same data to the inertial Taylor rule, the target policy rate is highly consistent with actual data for the overall sample period (1965Q1-2019Q1), especially for the post-2008 period. The results suggest that the market-determined natural rate of interest and implicit inflation target may be more useful in determining the policy rate.