

Kei Kawakami
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Research interest

Primary: Macroeconomics, Financial economics
Secondary: Applied econometrics and forecasting

References

Professor Lee E. Ohanian (Chair) (+1)-310-825-0979 ohanian@econ.ucla.edu	Associate Professor Christian Hellwig (Co-chair) (+1)-310-794-5342 chris@econ.ucla.edu
Professor Roger E. A. Farmer (+1)-310-825-6547 rfarmer@econ.ucla.edu	Assistant Professor Pierre-Olivier Weill (+1)-310-794-6495 poweill@econ.ucla.edu
Assistant Professor Bruce I. Carlin (+1)-310-825-7246 bruce.carlin@anderson.ucla.edu	

Education

2010 UCLA, Ph.D. in Economics (expected in June)
 Dissertation title: "Essays on Financial Markets"

Job Market Paper:

"The Formation of Exchanges: Risk Sharing and Information Aggregation"

2006 UCLA, C.Phil. in Economics, M.A. in Economics

2001 University of Tokyo, Japan, B.A. in Economics

(Advisors: Prof. Michihiro Kandori, Prof. Hiroshi Yoshikawa)

Presentations

Fall 2009 UCLA, Monetary Economics Proseminar, IO proseminar, Theory proseminar.

Spring 2009 UCLA, Monetary Economics Proseminar, Development Bank of Japan,
Applied Economics Workshop.
Winter 2009 UCLA, Monetary Economics Proseminar, IO Proseminar, Theory Proseminar.
Fall 2008 UCLA, Monetary Economics Proseminar.
Spring 2008 UCLA, Monetary Economics Proseminar, Econometrics Proseminar.
Winter 2008 UCLA, International Proseminar.

Fellowships

Fall 2007 – Spring 2009 Teaching assistant, teaching fellow support

Relevant Graduate-level Courses (other than economics)

Fall 2008 Math 285K: Seminar in Probability (Mathematics of Financial Markets),
Prof. Shonmann, UCLA.

Refereeing

Journal of Economic Theory

Work Experience

Research Assistant, UCLA (Sep. 2009 –)

For Associate Prof. Christian Hellwig and Assistant Prof. Pierre-Olivier Weill

Summer Internship, International Monetary Fund (Jun. 2009 – Aug. 2009)

Western Hemisphere Department

Teaching Assistant, UCLA

Spring 2009 Econ 102: Macroeconomics (Prof. Ohanian)

Winter 2009 Econ 102: Macroeconomics (Assistant Prof. Wright)

Fall 2008 Econ 2: Principles of Economics (Lecturer)

Spring 2008 Econ 102: Macroeconomics (Lecturer)

Winter 2008 Econ 102: Macroeconomics (Assistant Prof. Wright)

Fall 2007 Econ 102: Macroeconomics (Lecturer)

Full-time Researcher, Bank of Japan

Monetary Affairs Department (Sep. 2006 – Sep. 2007)

- Research on the Yen/Dollar exchange rate
- Analysis of inflation in Japan

Economic Analysis Group, Research and Statistics Department (Jul. 2003 – Jul. 2004)

- Research on stock repurchase in Japan
 - Total Factor Productivity analysis by sector and region in Japan
- Corporate Analysis Group, Research and Statistics Department (Jul. 2001 – Jun. 2003)
- Short-term forecast of industrial production
 - Research on Japanese companies in China
- Settlement Service Division, Operations Department (Apr. 2001 – Jun. 2001)
- Settlement of Japanese Government Bonds

Research Papers

1. "The Formation of Exchanges: Risk Sharing and Information Aggregation".

[Job Market Paper].

Abstract: Why are some financial markets segmented and opaque? I propose a two-stage game framework to study how such a market structure arises as a result of interaction among traders and exchanges. In the first stage, traders and exchanges play a market formation game, which determines a number and size of exchanges. In the second stage, motivated by both risk sharing and speculation, traders in each exchange play a trading game. I show that the gain from trade is hump-shaped in the number of traders. When many traders speculate, prices become so informative that the ex ante gain from risk sharing is reduced. This can endogenously constrain the exchange size in the market formation game. I show that free entry determines the number and size of exchanges such that prices don't reveal much information, and thus each trader's gain from trade is maximized.

2. "Price Dispersion and Public Information" 2008.

Abstract: I present a model of price dispersion in a multi-period noisy rational expectation framework. In the model, there is a continuum of locations each with a continuum of agents. Each location has its own market and price. Price dispersion across locations changes due to agents' learning over time. There is a public signal that can reach only a fraction of locations in the economy, which creates an information gap between locations. On the one hand, precision of the public signal increases an information gap by increasing the weight agents put on public signals. On the other hand, since the public signal is aggregation of past information, more precise public signal hinders gathering of new information. I find that an information gap increases in precision of the public signal unless precision is too big. In contrast, an information gap decreases as the public signal reaches more locations.

3. "Forecast Selection by Conditional Predictive Ability Tests: An Application to the Yen/Dollar Exchange Rate" *Bank of Japan Working Paper Series*, No. 08-E-01, 2008.

(under revision to be resubmitted to *Journal of the Japanese and International Economies*.)

Abstract: This paper provides a new method to select the most accurate forecasts from a pool of many forecast models. The method ranks different forecast models in terms of ex-ante forecast accuracy for each forecast period, and switches models based on rank. I then apply this method to the monthly yen/dollar exchange rate and find that (i) for most of the sample period, relatively simple models were selected by my forecast method and these models performed better than more complicated models or survey-based forecasts, and (ii) during periods of high volatility, my selection method chose survey-based forecasts and these models performed better during this sample period. The proposed forecast selection method reduced forecast errors compared to each forecast model that served as a basis of selection.

Other papers

"Dynamically Consistent Stochastic Debt Forecasting" *IMF Working Paper*, forthcoming.

(with Rafael Romeu)

Additional

- Citizenship: Japan
- VISA status: F-1
- Computer skills: MATLAB, Stata, EViews, Word, Excel, Power Point, Scientific Work Place
- Language skills: English (fluent), Japanese (native)

Feb. 2002 Certificate of Proficiency in English in the Official Language Test of The United Nations (A class)

Nov. 1999 The Test in Practical English (EIKEN) authorized by the Japanese Ministry of Education, Science, Sports and Culture (Grade 1)