Reina Kawai

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CONTACT INFORMATION

University of Washington
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FIELDS

Applied Macroeconomics, Applied Econometrics, Forecasting, and Growth

EDUCATION

University of Washington, Seattle — Seattle, WA
Ph.D. in Economics — 2023 June (expected)
M.A. in Economics — June 2019

University of Minnesota, Twin Cities — Minneapolis, MN
B.S. in Economics and Mathematics (double major), Minor in Statistics — May 2017

RESEARCH

Journal Publications

IMF Trade Forecasts for Crisis Countries: Bias, Inefficiency and Their Origins (*with Theo Eicher*) ***Forthcoming, International Journal of Forecasting (Job Market Paper)***

As Research Assistant:

The Accuracy of IMF Crises Nowcasts ***Forthcoming, International Journal of Forecasting***
(by Theo Eicher and Monica Gao Rollinson)

Working Papers

Public Debt and Real GDP: Revisiting the Impact (*with Constance de Soyres and Mengxue Wang*)
IMF WP Number: 2022/076

Differential Growth Effects of Different Types of Government Expenditures (*with Stephen Turnovsky*)
Presented at IMF Finance Departmental Seminar on 11/9/2022

Are IMF Program Recovery Trajectories Achievable?: Systemic Pessimistic Bias of IMF Reserve Forecasts and Possible Causes (*with Theo Eicher*) ***R&R, International Journal of Forecasting***

Work in Progress

International Reserve and Cryptocurrencies: Is There Hedging Effect? (*single author*)

WORK EXPERIENCE

International Monetary Fund (IMF) — Washington, DC
Summer Intern (Finance Dept, General Resources and SDR Policy Division) — 6/2021–9/2021
Research focus: Sovereign Debt, Growth, IMF Predictions

- Co-authoring a working paper, "Public Debt and Real GDP: Revisiting the Impact," based on a panel dataset (IMF WEO/IFS, WB WDI, and ICRG) to examine the causal impact of debt on real GDP based on local projection and Panel Structural VAR primarily using Stata and R.

University of Washington — Seattle, WA
Research Assistant (Professor Theo Eicher & Monica Gao Rollinson(IMF)) — 6/2020–9/2020
Research focus: Empirical Assessment of Nowcasts Accuracy

- Conducted the data cleaning, capturing the outliers using Stata and R, auditing the data based on the archived EBS Loan Programs for correction, and mapped MONA and IMF database for constructing data. I learned the widespread use of the IMF database and outliers' treatment.

University of Hawaii (Manoa) Manoa, HI
Research Assistant (Professor Inessa Love) 7/2017–6/2018
Research focus: Policy Evaluation, Economic Development

- We analyzed "GMO Policy and Economic Development" based on Barro Growth Model to assess the African countries' growth issues using a panel dataset (IMF WEO/IFS, WB WDI, UNStats, EM-DAT) using Stata and R.

University of Minnesota (Twin Cities) Minneapolis, MN
Research Assistant (Driven to Discover Research Facility) 6/2015–8/2015
Research focus: Risk Aversion, Behavioral Economics

- Project titled "Rational Inattention in Valuations." Conducted quantitative analysis on behavioral change under multitasking environment to understand further productivity implications.

Conference/Seminar Presentations
2022: International Monetary Fund (*Finance Departmental Seminar*), Public Debt Management Conference *(Joint PDM Network, Italian Ministry of Economy and Finance, OECD and World Bank)*, Portland State University (*Departmental Seminar*)
2021: International Monetary Fund (*Finance Departmental Seminar*)

Grants and Awards

Ensley Dissertation Fellowship, University of Washington	2022-2023
Conference Travel Grant, International Monetary Fund	2022
Japan-IMF Scholarship Program, International Monetary Fund	2019 – 2021
Graduate Teaching/Research Assistantship, University of Washington	2019, 2021 – present
James O. York Fellowship, University of Washington	2018
Lokahi Grant, Hawaii Pacific University	2013 – 2014

Teaching Experience

Foster School of Business, University of Washington Overall Average Evaluation: 4.22/5
MBA Program (Grad Level)
- EMBA 510A & EMBA 510B (Statistics for Management) Spr2023-

Department of Economics
- ECON 201 (Principles of Macroeconomics) Win2019, Spr2019, Aut2021, Spr2022

Referee

The Economic Journal, Economic Modelling 2021 – present

Skills

Programming: Stata, R, Matlab, Python, Mathematica, Eviews, LaTeX
Language: Japanese (native), English (full professional), Turkish (Basic), Spanish (Basic)

References

Professor Theo Eicher (Chair)
Castor Professor of Economics
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Professor Stephen Turnovsky (committee)
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RESEARCH ABSTRACTS

IMF Trade Forecasts for Crisis Countries: Bias, Inefficiency, and Their Origins, *Job Market Paper* (*with Theo Eicher*) ***Forthcoming, International Journal of Forecasting***

External sector surveillance and stabilization are core missions of the International Monetary Fund (IMF). Since 1992, the IMF approved over 600 crisis country loan programs, conditional on reforms and performance targets that are contingent on IMF crisis assessments and recovery forecasts. The literature evaluating IMF crisis forecasts has primarily focused on GDP, inflation, and fiscal budgets, but IMF programs often originate with balance of payments crises. Our evaluation of IMF imports/exports/exchange rates in crisis countries reveals a surprising dichotomy: import forecasts are largely efficient and unbiased, while exports and exchange rate forecasts exhibit substantial biases and inefficiencies. We show forecast errors in the full sample are driven by deeply flawed IMF forecasts for LICs in crisis. Fixed exchange rate LICs (predominantly African franc zone countries) receive systematically inefficient import forecasts. Exchange rate forecasts for LICs with flexible exchange rates are so inefficient, they cannot outperform a naïve random walk, and over 30 percent of the forecasts cannot match the exchange rate's directional movement during the first year of the recovery. Examining the sources of biases and inefficiencies, we highlight effects of conditionality and geopolitics that were not fully accounted for in IMF forecasts, specifically those relating to arrears (domestic and foreign), fiscal finance (balance and credit limits), policy reforms (trade and government), (civil) wars, and elections.

Public Debt and Real GDP: Revisiting the Impact (*with Constance de Soyres and Mengxue Wang*) ***IMF WP Number: 2022/076***

This paper provides new empirical evidence of the impact of an unanticipated change in public debt on real GDP. Using public debt forecast errors, we identify exogenous changes in public debt to assess the impact of a change in the debt to GDP ratio on real GDP. By analyzing data on gross public debt for 178 countries over 1995-2020, we find that the impact of an unanticipated increase in public debt on the real GDP level is generally negative and varies depending on other fundamental characteristics. Specifically, an unanticipated increase in the public debt to GDP ratio hurts real GDP level for countries that have (i) a high initial debt level or (ii) a rising debt trajectory over the five preceding years. On the contrary, an unanticipated increase in public debt boosts real GDP for countries that have (iii) a low-income level or (iv) completed the HIPC debt relief initiative.

Differential Growth Effects of Different Types of Government Expenditures
(*with Stephen Turnovsky*) ***Presented at IMF Finance Departmental Seminar on 11/9/2022***

Existing results show that fiscal spending negatively impacts growth in general. However, evidence and reasons as to how the usage of fiscal revenue (additional government borrowings or tax) affects growth are limited since it is exceedingly difficult to identify based on existing models. To address this issue in a general framework, we construct an endogenous growth model based on Bruce and Turnovsky (1999). Analyzing the resulting empirical nuances by applying Bayesian Model Averaging, our stylized results for 180 countries from 1990-2019 reveal that public debt and tax generally hurt growth. On the contrary, infrastructure investment will positively impact economic growth regardless of fiscal origin (i.e., public debt, tax). The estimated response was strictly negated by government consumption expenditure. Our findings suggest that as a policy implication, when governments face a trade-off in supporting current consumption or boosting infrastructure investment, they are encouraged to spend more for the latter since it is forecasted to provide robust increases in economic growth.