

# Dongho Choo

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## Personal Information

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## Research Interests

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- Empirical Macro-Finance, Housing market, Monetary and Financial Economics
- Micro-foundations of Macroeconomics, Financial Econometrics, International Economics

## Education

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**Texas A&M University**, College Station, U.S.

- Ph.D. student in economics, May 2023 (Expected Graduation)

**Korea University**, Seoul, South Korea

- M.A. in Economics, February 2015

**Korea University**, Seoul, South Korea

- B.A. in Information and Mathematics, September 2009
- B.A. in Economics, February 2013 (Dual Degree)

## Teaching Experience

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Instructor	<ul style="list-style-type: none"><li>• ECON 203 Principles of Macroeconomics (Summer 2022)</li><li>• ECON 203 Principles of Macroeconomics (Summer 2021)</li></ul>
Teaching Assistant	<ul style="list-style-type: none"><li>• ECON 311 Money and Banking (Fall 2022)</li><li>• ECON 459 Games &amp; Econ Behavior (Fall 2022)</li><li>• ECMT 674 Economic Forecasting (Spring 2022)</li><li>• ECMT 475 Economic Forecasting (Fall 2021)</li><li>• ECON 410 Intermediate Macroeconomics (Spring 2021, 2020)</li><li>• ECMT 461 Introduction to Economic Data Analysis (Fall 2020)</li><li>• ECON 636 Macroeconomic Theory 1 (Fall 2019)</li><li>• ECMT 463 Introduction to Econometrics (Spring 2019, Fall 2018)</li></ul>

## **Research: Job Market Paper**

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### **Does the Federal Reserve respond to house prices? Implications for monetary policy (2022)**

*Abstract:* This paper revisits Romer and Romer's (2004) narrative identification approach to monetary policy shocks by allowing the monetary authority to respond systematically to corporate credit spreads and real house price dynamics. The paper documents the systematic response of interest rates to these variables and shows that accounting for this systematic response solves the observed empirical puzzle in the literature where unanticipated increases in the interest rate, instead of contracting the economy, act as expansionary shocks during the Great Moderation period. The paper further investigates the Federal Open Market Committee (FOMC) transcripts using natural language processing tools to document the increased importance of house prices in the discussions of the FOMC members for the implementation of monetary policy.

## **Research: Works in Progress**

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### **Non-linear effects of monetary policy on the housing market**

*Abstract:* Since the great financial crisis from mid-2007 to early 2009 and the short but steep COVID-19 recession, the housing sector has gained growing attention in the macroeconomic literature. Despite much debate has been about the relationship between monetary policy and housing prices and the ability of the policy to affect the prices; still, the literature has primarily focused on its aggregate linear impact on house prices. This paper examines the non-linearities of monetary policy on house prices. The paper documents that a reduction in the interest rate is less effective in stimulating real house prices than an interest rate increase is in dampening the prices. Where the intersection of demand and supply determines house prices in a given area, the supply curve is piecewise linear and kinked: only if the price exceeds the fixed cost of construction will supply increase. This paper aims to investigate this model's empirical relevance and suggest that monetary tightening has a greater contractionary effect on aggregate house prices than monetary accommodation in either area with an inelastic housing supply or elastic housing supply.

### **Regional heterogeneity in house price dynamics and the role of monetary policy**

*Abstract:* This paper examines (I) whether the heterogeneous variation in house prices dynamics across the states in the U.S. reflects a national phenomenon or rather a regional-specific component in the local housing market, aiming to revisit the work of Del Negro and Otrok (2007), based on expanded data covering for the Covid-19 period from 1975 to 2021; (II) the extent to which monetary policy shocks can explain the variation in national factor of house prices over the sample period; and (III) assess the role of fundamentals such as population growth, land prices, and regulatory strictness to examine the heterogeneous variation across the region in the U.S. housing market. The paper provides empirical evidence that the estimated national factor accounts for a sizeable portion of the variation over 2001-2012 in terms of the variance of house price movement 35%. Further, monetary tightening has a contractionary effect on the national factor of house prices, though the innovation explains less than 3% variation in the factor. In addition, in the wake of the Covid-19 era, the national component explains most of the variation in the housing cycle; it accounts for 57% of variation in the housing market.

### **Necessity of managing non-core liabilities: Evidence from commercial banks in South Korea (2015)**

*Abstract :* The paper constructs panel data using the balance sheets of 15 domestic banks and studies the relevance of non-core liabilities relative to the bank assets on the default risk. The banks resort to non-core liabilities to meet the excess credit demand when there is faster credit growth than deposits. However, the relative size of the non-core liabilities can increase banks' risk exposure. Hence, once a contractionary shock hits the economy, especially the financial markets, refinancing to maturity would be limited, leading to serious liquidity risk and a credit crunch. According to the panel analysis, this paper provides empirical evidence that the default risk increases as banks use non-core liabilities for their primary financing purposes.

## Skills

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Software	STATA, R, MATLAB, LaTeX
Language	English (fluent), Korean (Native)

## Research Experience

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Korea Development Institute  
(KDI), Sejong, South Korea  
(12/2014 – 07/2017)

**Research Associate**, Department of Financial Policy, KDI

- Investigate household debt vulnerability and propensity to consume from public and private survey datasets to develop monetary policy directions for stable household risk management.
- Organize KDI international conference, “Household Debt from an International Perspective: Issues and Policy Directions,” on July 10, 2015.
- Review the literature on domestic legislation regarding the introduction of the Internet-primary bank, which conducts most of its business via online channels (e.g., ATM, the internet, mobile) and operates either few or no off-line offices in Korea. Estimate potential profits through the cases in Japan, the United States, and the European Union.
- Conduct a literature review and arrange international data to recommend optimum policies for improving the institutional structures of financial sector supervision and governance in Korea.

Korea University, Seoul,  
South Korea  
(09/2013 – 02/2015)

**Research Assistant** to Professor Kwanho Shin

- **Economic growth, financial development, and income inequality** (Emerging Markets Finance and Trade, 2017)

Run panel regression-based analysis on multilateral data on OECD member countries to corroborate the relationship between financial development and income inequality.

- **Financial integration in asset and liability holdings in East Asia** (Emerging Markets Finance and Trade, 2016)

Study the evolution of Intra-East Asian financial integration to examine the importance of regional financial integration using IMF’s investment survey data.

- **Capital flows during quantitative easing: Experiences of developing countries** (Emerging Markets Finance and Trade, 2016)

Empirically investigate whether quantitative easing (QE) by the US Federal Reserve System in 2014 triggered financial instability in developing countries by examining the effect of QE on capital flows into developing Asia.

## Awards

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- Graduate Student Grant (8 semesters), Texas A&M University, 2019-2022
- Dean’s List (1 semester), Korea University, Graduate, 2015
- Research Assistant Scholarships (3 semesters), Korea University, 2014-2015
- Dean’s List (4 semesters), Korea University, Undergraduate, 2007-2009
- Work-Study Scholarships (3 semesters), Korea University, 2006-2007

## Seminar and Conference Presentations (\* Denotes Scheduled)

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2022	Midwest Macro Meeting *
	Korea-America Economic Association Conference (virtual)
	TAMU-UT-UH macro grad student Conference
	Western Economic Association International 97 <sup>th</sup> Annual Conference (virtual)
2021	Missouri Valley Economic Association 58 <sup>th</sup> Annual Meeting (virtual)

## References

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Dr. Tatevik Sekhposyan (Chair)

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- szubairy@tamu.edu

Dr. Kim, Hwagyun

- Department of Finance, Texas A&M University
- hkim@mays.tamu.edu