HONOURS STUDENT PROJECT PROPOSALS IN MACRO, ECONOMETRICS, MICRO AND FINANCE

JACEK B. KRAWCZYK
www.vuw.ac.nz/staff/jacek_krawczyk/

Here are four student research-project topics for 2012. Please browse; if interested, let me know. We can adjust them to suit your study interests.

[macro ] Differences in monetary policies between two hypothetical closed economies: one which is concerned with avoiding a large negative output gap and the other which is not.

It was proposed in a paper published in the 2009 Macroeconomic Dynamics, see [3], that monetary policies can be analysed through "viability kernels". The kernel size depends on the inflation target zone and on a tolerable output gap, among other things. The project consists of the analysis of what impact the output gap has on the kernel size and hence on the central bank policy.

To work on this project you should have successfully completed ECON 305. It would be useful if you enrolled in ECON 434 where some helpful material on economic dynamics is covered. Some knowledge of differential equations will be needed. You should also be keen on computations.

[macro/econometrics ] Parameter estimation for a NZ monetary-policy model with output gap, inflation and exchange rate.

A simplistic closed-economy-like model has been estimated in [4] and used for viability analysis of New Zealand monetary policy. However, the New Zealand economy is an open economy. Therefore a richer model is needed.

To work on this project you should have successfully completed second or, better, third year econometrics papers and ECON 305. It would be useful if you enrolled in ECON 434 where some helpful material on economic dynamics is covered. Some knowledge of differential equations will be needed. You should also be keen on computations.
Can imposing environmental constraints increase pollution?

Two environmental constraints were considered in a River Basin Game, published in 2005 Resource and Energy Economics, [1]. One was active (binding), the other was not. It was proposed that the slack on the originally non-active constraint will diminish with time, if the emitting firms are competitive and allowed to modify their capacities. However, the active constraint will remain active. The project will analyse what impact on this conclusion has the firms’ planning horizon length and the information structure, in which the firms optimise their behaviour.

To engage in this project you should be comfortable with the material covered in ECON 314. It would be useful if you enrolled in ECON 434 where some helpful material on economic dynamics is covered. You should also be keen on computations.

How do loss-avoiding policies depend on the transaction fees?

It was observed in a paper published in the 2008 Journal of Risk Finance, see [2], that loss avoiding policies ("cautious-relaxed") can be obtained, if agents have a savings target and maximise a non-symmetric utility measure, rather than optimise a "usual" risk-averse utility function. The aim of this project is to analyse what impact the transaction cost has on these policies.

To engage in this project you should be comfortable with the material covered in FINA 202 and 305. It would be useful if you enrolled in ECON 434 where some helpful material on economic dynamics is covered. Some knowledge of differential equations will be needed. You should also be keen on computations.

References