Yicheng Liu

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Education

Ph.D. in Economics   2020–2026 (Expected)
The University of Hong Kong (HKU)
Supervisor: Heng Chen

Visiting Student
University of Pennsylvania (Upenn)   Fall 2024
University of Rochester (UR)   Spring 2025

M.Sc. in Economics   2018–2020
The Johns Hopkins University (JHU)

B.A. in Management   2014–2018
Nankai University, China

Research Interests

Behavioral Macroeconomics, Applied Theory, Information and Expectations, Business Cycle.

Working Papers

Heterogeneous Expectation Uncertainty and News Shock (Job Market Paper)

Abstract: This paper documents systematic differences in households' sub- jective uncertainty regarding one-year-ahead inflation across income groups, with wealthier households exhibiting lower uncertainty. I also document that households' subjective inflation uncertainty is negatively related to their portfolio allocation shares—higher subjective uncertainty is associ- ated with lower portfolio shares in risky assets. To reconcile these facts, I study a heterogeneous agent New Keynesian model featuring endoge- nous information acquisition and portfolio allocation. In the model, richer households endogenously choose to acquire more information and hold larger portfolio shares in risky assets. The model shows that the impact of an anticipated TFP shock is amplified through endogenous information acquisition: wealthier households simultaneously benefit more from rising risky asset prices and hold larger portfolio shares, thereby further stimulating aggregate investment. Quantitatively, with calibrated parameters, the model successfully replicates the observed patterns of both uncertainty and household portfolio allocation in the data. Simulation results show that compared to a model with homogeneous information structure, the impact of an anticipated TFP shock is amplified by nearly two times.

Expectation and Confusion: Evidence and Theory (with Heng Chen)
Revise and Resubmit at *Journal of Economic Theory*

Abstract: We characterize how forecasters form expectations when they cannot perfectly distinguish between trends and cycles. This model is motivated by a set of findings from the Survey of Professional Forecasters, which reveal various patterns in forecasting behaviors across different forecast horizons. These facts are inconsistent with the common assumption in the expectation formation literature that trends are stable or observable. Our framework can be applied to account for changes in forecasting behavior following the introduction of explicit inflation targeting in 2012. We also extend the model to incorporate behavioral biases so as to address empirical puzzles documented in the literature.

Work in Progress

Overreaction or Underreaction? Evidence from Consumption Behavior (with Heng Chen, Yibo Meng, Shihan Xie)

Heterogeneous Perceived Expectation: Evidence from 10-K Filings

Publication before Graduate School

  Impacts of Cultural Distance on International Destination Choice Panel Data Analysis of Chinese, South Korean and Japanese Outbound Tourists (with Jing Ma, Jun Yang, Lijia Cheng) Journal of Northeast Asia Development, 2017(1)Vol.18.

Presentation

  2025 World Congress of the Econometric Society, Seoul.
  2024 Asian Meeting of the Econometric Society in China.
  2024 Sixth China International Conference in Macroeconomics.

Honors and Awards

HKU Postgraduate Scholarship, HKU	2020-2024
FBE PhD Entrance Scholarship, HKU	2020
Honorable Mention, The Innovation Project of NKU Undergraduate Student	2017
NKU Gongneng Scholarship	2016

Teaching Experience

Teaching Assistant, Macroeconomic Analysis.	HKU, Fall 2022 and Fall 2023
Teaching Assistant, Topics in Macroeconomic Research of China.	HKU, Fall 2022
Teaching Assistant, Selected Topics in Macroeconomics.	HKU, Spring 2022
Teaching Assistant, Topics in Economic Research II.	HKU, Spring 2022

SKILLS

  Programming: Matlab, Python, Stata, Fortran
  Languages: English, Chinese (native)

Referees

  Professor Heng Chen (Main Supervisor)
  HKU Business School
  The University of Hong Kong
  Email: hengchen@hku.hk

  Professor Yulei Luo (Co-Supervisor)
  HKU Business School
  The University of Hong Kong
  Email: yuleiluo@hku.hk

  Professor Guangyu Pei
  CUHK Department of Economics
  The Chinese University of Hong Kong
  Email: guangyu.pei@cuhk.edu.hk