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Curriculum Vitae
Fall 2017

FATIH FAZILET

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Major Fields of Concentration

Macroeconomics, Financial Economics, Applied Econometrics

Education

Degree	*Field*	*Institution*	*Year*
Ph.D.	Economics	University of Minnesota (expected)	2018
M.A.	Economics	University of Minnesota	2015
M.A.	Economics	Bilkent University, Turkey	2009
B.Sc.	Industrial Engineering	Bogazici University, Turkey	2007

Dissertation

Title: "Essays on Mortgage Choice and Housing Markets"
Dissertation Advisor: Professor Ellen McGrattan
Expected Completion: Summer 2018

References

Professor Ellen McGrattan (Dissertation Adviser)	(612) 625-6714 erm@umn.edu	Department of Economics University of Minnesota 4-101 Hanson Hall
Professor Kyle Herkenhoff	(612) 625-3399 kfh@umn.edu	1925 Fourth Street South Minneapolis, MN 55455
Professor Anmol Bhandari	(612) 625-0511 bhandari@umn.edu	
Dr. Simran Sahi	(612) 625-6353 ssahi@umn.edu	

Honors and Awards

2013-2016 *Distinguished Instructor*, University of Minnesota
2012-2013 *Departmental Fellowship*, University of Minnesota
2012-2014 *PhD Fellowship*, Central Bank of Turkey
2007-2009 *Departmental Fellowship*, Bilkent University, Turkey
2007-2009 *Fellowship for Graduate Students*, TUBITAK, Turkey

Teaching Experience

Labor Economics, *Instructor*, 2014-present
Introduction to Econometrics, *Teaching Assistant*, Summer 2016
Introduction to Macroeconomics, *Instructor*, Fall 2013, Spring 2014
Introduction to Macroeconomics, *Teaching Assistant*, Fall 2012, Spring 2013

Research Experience

Summer 2017 *Summer Associate*, The Brattle Group
2008-2012 *Research Economist*, International Economic Analysis Division, Research and Monetary Policy Department, Central Bank of Turkey

Publication

"Understanding the Common Dynamics of the Emerging Market Currencies," with Meltem Gulenay Chadwick and Necati Tekatli, *Economic Modelling* 49 (2015): 120-136

Papers

"Implications of State-Contingent Mortgage Contracts in Housing Markets," Job Market Paper
"Discretizing a Process with Non-zero Skewness and High Kurtosis," with Luis Diez and Simone Civale, Working Paper
"A Threshold Model for the Exchange Rate Behavior of Turkey," Master's Thesis, 2009

Computer Skills

Expert Knowledge: Stata, Matlab, Fortran, LaTeX
Working Knowledge: R, Python, Eviews, C++, ARENA, GAMS

Languages

English (fluent), Turkish (native)

Abstracts

"Implications of State-Contingent Mortgage Contracts in Housing Markets," Job Market Paper

This paper quantifies the effect of government intervention in the U.S. housing market to determine whether it can explain the nonexistence of mortgage contracts that are contingent on house prices, which are found to be optimal in the mortgage design literature. In the model, contract and down payment choices, and the corresponding mortgage interest rates, are endogenous for heterogeneous households that are subject to idiosyncratic income and house price shocks, as well as to an aggregate house price shock. I find that the implicit subsidy to government-sponsored enterprises leads to the dominance of fixed-rate mortgages in the U.S. housing market, and in a world without government intervention, mortgage contracts that are contingent on house prices emerge endogenously. In this world, contingent contracts decrease the cyclicality of foreclosure rate by adjusting the value of debt during a housing crisis. However, they increase the average foreclosure rate in normal times due to endogenously decreasing the down payment of households, since contingent contracts are relatively cheaper for low down payment options in equilibrium.

"Discretizing a Process with Non-zero Skewness and High Kurtosis," with Luis Diez and Simone Civale, Working Paper

We develop and test a discretization method to calibrate a Markov chain that features non-zero skewness and high kurtosis. The proposed method applies the logic of Tauchen (1986) to a first-order autoregressive process with normal mixture innovations, which, as we discuss, can be calibrated to feature non-zero skewness and high kurtosis. We then illustrate an application of our method in an Aiyagari economy. We find that an idiosyncratic shock with higher kurtosis decreases the equilibrium interest rate, whereas higher left skewness increases it.

"Understanding the Common Dynamics of the Emerging Market Currencies" with Meltem Gulenay Chadwick and Necati Tekatli, *Economic Modelling* 49 (2015): 120-136

The aim of this study is twofold. First, we examine if there exists a common movement among the currencies of emerging markets that implemented flexible exchange rate regime after 2000. Second, we examine whether this comovement is closely related to financial market conditions and macroeconomic fundamentals in emerging market economies. Our findings suggest that currencies of the emerging market economies have a common movement, which we name as "Exchange Rate Index". We find that the Exchange Rate Index can be explained to a great extent by financial market indicators while macroeconomic fundamentals have relatively less power in understanding this common exchange rate pattern. The results particularly underline the importance of sovereign debt risk, equity return differentials and risk appetite. The relationship between financial variables and the Exchange Rate Index is significantly nonlinear, while the results for macroeconomic fundamentals do not show any nonlinearity.

"A Threshold Model for the Exchange Rate Behavior of Turkey," Master's Thesis, 2009

This thesis analyzes the effects of global risk appetite and interest rate policy on the $/T.L. exchange rate. Estimating the impact of unexpected policy rate changes without a nonlinear framework may lead to misleading results regarding the effectiveness of monetary policy, especially in emerging economies. Using a nonlinear framework, I find that when exchange rate risk falls below a threshold level, the exchange rate is sensitive to both unexpected interest rate change and the VIX (Chicago Board Options Exchange Volatility Index). On the other hand, when exchange rate risk is high, it becomes insensitive to unexpected interest rate change and significantly more sensitive to the VIX.