



Nanyang Technological University  
**DIVISION OF ECONOMICS**  
Seminar Series

The Division of Economics invite you to a seminar by Dr Pei KUANG

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- Speaker** : **Dr Pei KUANG**  
*Department of Economics  
University of Birmingham  
United Kingdom*
- Topic** : **"Learning with Data (Quasi-)Differencing"**
- Chairperson** : **Assistant Professor Te BAO**  
*Division of Economics  
School of Humanities & Social Sciences*
- Date** : **25 October 2016 (Tuesday)**
- Time** : **2:30pm to 3:30pm**
- Venue** : **HSS Meeting Room 6** (HSS 04-91)  
*Nanyang Technological University  
School of Humanities and Social Sciences  
14 Nanyang Drive  
Singapore 637332*

**About the Speaker:**

Dr Pei Kuang is a Senior Lecturer in Macroeconomics. He received his Ph.D. from the Goethe University Frankfurt (Germany) and joined the Department of Economics in August 2012. His research focuses on empirical and theoretical analysis of imperfect knowledge in Macro and Finance with an emphasis on macroeconomic policy making and issues related to expectation formation and learning. He has published in the NBER Macroeconomics Annual, Journal of Monetary Economics, European Economic Review and other journals.

**Abstract:**

The paper studies the stability of Rational Expectations Equilibrium (REE) under adaptive learning assuming that agents do not know the econometric specification of the REE and are alert to a potential model misspecification, i.e., serially correlated residuals. Their forecasting model may be under-parameterized with omitting some regressors or correctly specified by coincidence. They recursively apply Feasible Generalized Least Squares (FGLS) estimators to address potential misspecifications. In a general class of models, the condition governing the convergence of FGLS learning of under-parameterized (or correctly specified) models to REE is shown to be no stronger than (or identical to) the usual E-stability condition. The stability results are applied to evaluate alternative monetary policies in New Keynesian models allowing for agents' lack of knowledge of the correct specification.

**Reservation:**

Admission is free. Please reply to [h-dae@ntu.edu.sg](mailto:h-dae@ntu.edu.sg) to confirm your attendance.