

# Zhenghua Qi

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<https://zhenghua-qi.github.io/>

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## BUSINESS ADDRESS

Department of Economics, Lee Shau Kee Business Building

The Hong Kong University of Science and Technology, Clear Water Bay, Kowloon, Hong Kong

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## DESIRED RESEARCH AND TEACHING FIELDS

Macroeconomics, Monetary Economics, Applied Time-Series

**Field of concentration:** Macroeconomics, Expectations, Firm Dynamics

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## EDUCATION

Hong Kong University of Science and Technology	2019 – 2025 (expected)
<i>Ph.D. in Economics</i>	
Bank of Italy	Aug 2024
<i>Visiting scholar. Host: Tiziano Ropele</i>	
University of California, Berkeley	2023 – 2024
<i>Visiting student scholar. Host: Prof. Yuriy Gorodnichenko</i>	
London School of Economics and Political Science	2018 – 2019
<i>M.Sc. in Finance and Economics, with distinction</i>	
Shandong University	2014 – 2018
<i>B.Ec. in Finance</i>	

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## WORKING PAPERS

- Bank loan reliance and inflation inattention (**Job Market Paper**), *with Tiziano Ropele*  
**Abstract:** Utilizing merged Italian firm-level data, we provide causal evidence that firms heavily reliant on bank loans are better informed about inflation and make smaller forecast errors. We also show that financing composition affects how firms learn from new information with randomized control trials. To explain these findings, we develop a general equilibrium model featuring rational inattention where firms become more attentive when their financing costs are sensitive to aggregate inflation. Inflation impacts the relative cost of external versus internal funding, leading firms to adjust their investment, capital structure, and attention allocation. The heterogeneous financing compositions among firms generate dispersion in inflation expectations. Our model replicates the empirical evidence and offers interesting policy implications.
- Endogenous Firm Entry and the Supply-Side Effects of Monetary Policy, *with Marc Dordal i Carreras and Seung Joo Lee*  
**Abstract:** We present a model of business cycles with endogenous firm entry. In our framework, short-term supply shifts driven by new firm entries become a crucial factor in driving the economy's response to shocks, regardless of whether those shocks originate from the 'supply' or 'demand' blocks. Specifically, an uptick in aggregate demand triggers a cycle of increased firm entry, thereby enhancing aggregate supply and, in turn, further boosting demand through greater purchases of equipment by new entrants. Monetary policy becomes especially powerful, as it simultaneously impacts aggregate demand and the entry decisions of financially constrained firms. This effect is particularly noticeable in economies with a significant potential for new firm entries. Our analytical approach characterizes equilibrium firm entry as a function of the “policy room”, a *sufficient statistic* related to the effectiveness of monetary policy interventions in both the model and the data.

- Diagnostic expectations in housing price dynamics, *Mphil thesis, with Byoungchan Lee*  
**Abstract:** Using the Survey of Consumer Expectations, I find the predictability of forecast error on the forecast in housing price growth rate. Overestimation is followed by disappointment in the housing market. To resolve the predictability without rational expectation (RE), I introduce the diagnostic expectation (DE) into a two-agent New Keynesian framework to understand the role of over-optimism from DE in affecting housing price dynamics and business cycles. Firstly, the DE significantly outperforms RE in affecting the responses of housing price, consumption, output, and other variables to TFP shock in magnitude and persistency. The DE plays a significant role in affecting both the extensive and intensive margin of the housing market. Secondly, the DE can generate a positive residential housing value share response that is consistent with data. The key mechanism comes from the strengthened income effect and consumption smoothing under overreaction. Thirdly, the monetary policy rule's impacts on the DE mechanisms suggest important policy implications.

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## WORK IN PROGRESS

- The scarring effects of initial condition on firms

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## PROFESSIONAL EXPERIENCE

### Research:

Research Assistant for Prof. Byoungchan Lee, Department of Economics, HKUST (2021-2022)

Research Assistant for Prof. Marc Dordal i Carreras, Department of Economics, HKUST (2024-2025)

### Teaching:

Teaching Assistant, Department of Economics, HKUST (2019-2024)

Macroeconomics, Money and Banking, The Economics of Entrepreneurship and Innovation,

Microeconomic analysis

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## FELLOWSHIPS AND AWARDS

2023 Oversea Research Award from HKUST

2023 Dean's Postgraduate Scholarship from HKUST

2019 Postgraduate Studentship from the HKUST

2018 China Scholarship Council for Postgraduate Study

2015 China National Scholarship for Undergraduate Students

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## SKILLS

Technical Skills: MATLAB, R, Stata, SPSS, EViews

Languages: English (fluent), Mandarin (native)

Student Work: HKUST UG Hall 9 Tutor (2021-2023)

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## REFERENCES

### Prof. Byoungchan Lee

Department of Economics

Hong Kong University of Science and Technology

Email: bclee@ust.hk

### Prof. Marc Dordal i Carreras

Department of Economics

Hong Kong University of Science and Technology

Email: marcdordal@ust.hk

### Prof. Yang Lu

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