Emile-Alexandre Marin

University of Cambridge,
Faulty of Economics,
Cambridge,
CB3 9DD, UK

Born: December 28, 1991
Nationality: Greek-Cypriot
Phone: +44 (0)7 568-348-906
Email: eam65@cam.ac.uk

Website: https://sites.google.com/view/emilemarin/home

Education

Ph.D. Economics, Darwin College, University of Cambridge, 2022 *expected*.
Supervisor: *Prof. Giancarlo Corsetti*
Topic: *Exchange Rates, Capital Controls and the Hegemon's Dilemma*

References:
Prof. Giancarlo Corsetti,
University of Cambridge,
gc422@cam.ac.uk,
+44 (0) 1223 335 235

Prof. Vasco M. Carvalho,
University of Cambridge,
vmpmdc2@cam.ac.uk,
+44 (0) 1223 335 389

Dr. Luca Dedola,
European Central Bank,
luca.dedola@ecb.europa.eu,
+49 (0) 6913 448 668

Prof. Gianluca Benigno,
Federal Reserve Bank of New York,
gianluca.benigno@ny.frb.org,

M.Phil Economic Research, Darwin College, University of Cambridge, 2015.
Thesis title: *Sovereign Corporate Connectedness*

B.Sc Economics, Queen Mary, University of London, 2014.
Top 1% of cohort. First Class Honours.

Research

The Hegemon's Dilemma (2021) [Job Market Paper].

By keeping dollars scarce in international markets, the supplier of dollar debt– the hegemon –earns monopoly rents when borrowing. However a strong dollar depresses global demand for its exports and leads to losses on holdings of foreign assets. Using an open economy model with nominal rigidities and segmented financial markets, I show that transfer of monopoly rents from abroad gives rise to a policy dilemma because of private sector over-borrowing. Monetary and fiscal policy in the hegemon cannot support a constrained-efficient allocation, absent a corrective (macro-prudential) tax on borrowing. By increasing liquidity in international markets, dollar swap lines help stabilize the economy, but, unlike the macro-prudential tax, do so at the cost of eroding monopoly rents. Extending the model to allow for a measure of households not participating in financial markets unveils that the policy dilemma maps into distributional concerns. A scarce dollar leads to larger monopoly rents benefiting financially active households, but they over-borrow at the expense of inactive households, who suffer the full blunt of the aggregate demand externality.

Exchange Rate Risk and Business Cycles (2021), *with Simon Lloyd*. [Cambridge WP] [*submitted*]

We show that currencies with a steeper yield curve tend to depreciate at business-cycle horizons. We identify a tent-shaped relationship between the exchange-rate risk premium and the relative yield curve slope across horizons *that peaks at 3 to 5 years. This empirical regularity is robust to a number of controls, including return differentials and bond liquidity yields. Within a no-arbitrage framework, we demonstrate that exchange-rate risk premia reflect investors' changing valuations of returns over the business cycle. Risks driving exchange rates must therefore be transitory and cyclical, indicative of 'business-cycle risk'. We calibrate a two-country, two-factor model for the term structure of interest rates to reflect business-cycle risk. We show that it can quantitatively reproduce the tent-shaped relationship we observe in the data, as well as variation in uncovered interest parity regression coefficients across horizons.*

Capital Controls and Free Trade Agreements (2021), *with Simon Lloyd*
Does trade protectionism promote financial protectionism? We study the interaction between optimal capital controls and trade taxes in a two-country, two-good endowment model. Trade occurs along two margins — time and goods — so a Ramsey planner achieves higher welfare when employing import taxes in addition to capital controls (e.g. when not subject to a free-trade agreement (FTA)). When one country levies taxes optimally and the other is passive, we show that capital flow taxes are larger in the absence of a FTA, in response to shocks to the endowment of home goods when the incentives to reallocate consumption over time and across goods are aligned. Conversely, capital controls are smaller in response to shocks to the endowment of foreign goods. Our results generalise to a Nash equilibrium where both countries set taxes optimally and we show that countries compete using both capital controls and trade tariffs. Finally, we find that cross-border consumption spillovers at the optimal allocation become disproportionately larger moving away from a regime of free trade.

Exchange Rates and Equity Returns in the Short and Long Run (2021), *with Giancarlo Corsetti, Simon Lloyd and Daniel Ostry*
We document that the U.S. has become relatively riskier vis-a-vis a panel of advanced (G10) economies since the global financial crisis, driven by a rise in permanent risk. Within a no-arbitrage framework, we derive a link between exchange rate risk premia, bond premia, equity premia and liquidity yields, and their relationship to transitory and permanent shocks to stochastic discount factors. Combining theory and data, we find that innovations to permanent and transitory risk across countries elicit distinct responses from exchange rate risk premia and liquidity yields. While exchange rate risk premia adjust to transitory risk, permanent risk predominantly leads to changes in liquidity yields on long-maturity bonds.

A Century of Arbitrage and Disaster Risk Pricing in Foreign Exchange Markets (2020), *with Giancarlo Corsetti* [CFM WP]
The failure of uncovered interest parity (UIP) is a long-standing puzzle in international finance. But, following the Great Financial Crisis (GFC), the puzzle has changed and UIP cannot be rejected in the recent period. In this paper, we use a century-long time series for the GBP-USD exchange rate to show that the apparently puzzling switch in UIP coefficients since the GFC is not a new phenomenon following large global crises. First, by virtue of our long sample, we document that UIP switches at short horizons systematically occur around global disasters. However, UIP deviations remain small to almost negligible for long-horizon investment portfolios. Second, we argue that our century-long evidence is consistent with models featuring a time-varying probability of disasters. Specifying a model to account for the difference in UIP deviations in crises and normal times, as well as for a decreasing term structure of carry trade returns that on average characterize the data, we show that it can rationalise key empirical facts.

Self-Fulfilling Crises and Country Solidarity (2018) [ADEMU Working Paper].
Optimal, implicit bailout guarantees can eliminate multiple equilibria in debt markets. CERF Best Paper Award 2017.

In non-refereed publications:

The dollar and international capital flows in the COVID-19 crisis (with Giancarlo Corsetti), VOX EU 2020

Emerging market currency risk around 'global disasters': Evidence from the Global Financial Crisis and the COVID-19 crisis (with Giancarlo Corsetti and Simon Lloyd), COVID-19 in Developing Economies, CEPR ebook 2020

Professional Experience/ Visiting Positions

Visitor, Research Department, Federal Reserve Bank of New York. November-December 2019.

Visiting Lecturer, London School of Economics. 2018-2019.

PhD Traineeship, International Policy Analysis, European Central Bank DG\ I, May 2017- January 2018.

Previous: *Intern*, Ministry of Justice, London (2014), National Guard of Cyprus, Nicosia (2011).

Teaching

London School of Economics,

EC421 International Macroeconomics (MSc. Course Lecturer), feedback: 4.4/5 (2018/19)

Tools & Advanced Tools for Macroeconomics, Computational Methods and Macro (2017, 2019, 2020)

University of Cambridge (PhD, postgraduate and undergraduate level)

PhD Computational Methods, incl. Pertrubation, Projection, Value Function Iteration and Heterogeneous agents (2017-2019)

MPhil Research Advanced Macroeconomics II, incl. Incomplete Markets, Search and Matching, International Macro, feedback: 4.6/5 (2017-2018), 4.5/5 (2018-2019)

Diploma Microeconomics (Post-graduate) Game Theory, Public Choice feedback: 4.42/5 (2020-2021)

Part IIB (3rd year Tripos) Economic Growth, Business Cycles, International Macro (2015- 2017)

Other courses: Computational Methods- University of Helsinki (2018), Heterogeneous Agents- EABCN Bank of England (2019)
Thesis supervision: MSc (x4, LSE), Undergraduate (x2, Cambridge)

Presentations

Society for Economic Dynamics (2021), Money, Macro, Finance (Cambridge 2021, LSE 2019), U. Cyprus (2021), Bank of England (2020), Oxford Nufffield PhD Conference (2020), New York FED Research (2019), CEPR ESSIM (2019), BIS (2019), RES (2021, 2019), ECB (2017, 2018), CRETE (2018,2019), Toulouse ADEMU (2017).

Refereeing

European Economic Review, Scandinavian Journal of Economics, B.E. Journal of Economics

Grants and Awards

Keynes Fund Grant, Faculty of Economics, Cambridge:

1. Disaster Risk, Asset Prices and the Macroeconomy (£104,726,50)
2. Inefficient capital flows and the hegemon's dilemma (£3,500)

Teaching Award U.Cambridge (2021), Cambridge Trust Fund (2018, 2019), Cambridge Endowment for Research in Finance Scholarship (CERF) (2015-2018), CERF Best Paper Award (2017)

QMUL Principal's Prize (2014), QMUL Annual Fund Scholarship (2013)

Other: Cyprus National Guard Commendation (2011), Bank of Cyprus Student Excellence Scholarship (2010), Municipality of Strovolos Award for Academic Performance and Ethos (2010).

Proficiencies

Computer Skills:

Advanced: EViews, LaTeX, Matlab, Microsoft Office, MS Excel, STATA

Intermediate: Python, SQL, SAS Enterprise Guide, Visual Basic

Languages:

English, Greek *(fluent)*, French *(advanced/ intermediate)*

Other Activities:

Management of Darwin College Bar *(£100,000 annual revenue, 2015-present)*, Powerlifting.

Last updated: November 15, 2021