

# HYEYOON JUNG

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## EDUCATION

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| <b>Leonard N. Stern School of Business, New York University</b> , New York, NY | 2015 – Current         |
| Ph.D. in Finance Candidate   | <b>2021 (Expected)</b> |
| M.Phil in Finance  | 2019                   |

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| <b>University of Pennsylvania</b> , Philadelphia, PA | 2012 |
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*Jerome Fisher Program in Management and Technology*

**The Wharton School**, Bachelor of Science in Economics, *Magna Cum Laude*

**The School of Engineering and Applied Science**, Bachelor of Applied Science, *Magna Cum Laude*

## RESEARCH INTERESTS

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Financial Intermediation, International Finance, Asset Pricing, Systemic Risk

## RESEARCH

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### **The Real Consequences of Macroprudential FX Regulations**

**(Job Market Paper)**

I examine the real effects of macroprudential foreign exchange (FX) regulations designed to reduce risk-taking by financial intermediaries. I exploit a natural experiment in South Korea at the bank-level that can be traced through firms. The regulation limits the banks' ratio of FX derivatives positions to capital. By using cross-bank variation in the tightness of the regulation, I show that the regulation causes a reduction in the supply of FX derivatives. Controlling for hedging demand, I find that exporting firms reduce hedging with constrained banks by 47% relative to unconstrained banks. Further, I show that the reduction in the banks' supply of hedging instruments results in a substantial decline in firm exports. For a one-standard-deviation increase in a firm's exposure to the regulation shock transmitted by banks, exports fall by 17.1% for high-hedge firms and rise by 5.7% for low-hedge firms, resulting in a differential effect of 22.8%. Collectively, my results provide causal evidence that regulations aiming to curtail risk-taking behaviors of financial intermediaries can affect the real side of the economy.

## **Understanding the Onshore versus Offshore Forward Rate Basis: The Role of FX Position Limits and Margin Constraints**

During the global financial crisis of 2007- 2009, the difference between the exchange rate for locally traded (onshore) forward contracts and contracts with the same maturity traded outside the jurisdiction of countries (offshore) increased significantly, though the magnitudes varied across currencies. This deviation from the law of one price can be explained by two constraints imposed on financial intermediaries: margin constraint and position limit constraint (a leverage-based cap on net open foreign exchange position). In an intermediary-based asset pricing model where intermediaries face both margin constraint and position limit constraint, I show how and when the position limit leads to a gap between onshore and offshore forward rates. The model predicts that (1) the basis increases with the shadow costs of the two constraints across time and increases with the country-specific position limit across countries; (2) the shadow cost of each constraint non-linearly increases as the intermediary sector's relative performance declines below a threshold; and (3) higher shadow cost of the position limit predicts lower future excess return on local-currency denominated assets, as buying local assets relaxes the position limit constraint imposed on the intermediaries. I test the model predictions and find consistent evidence in the countries with tight position limits.

## **RESEARCH IN PROGRESS**

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### **Climate Stress Testing (with Robert Engle)**

Climate change could lead to a systemic risk to the financial sector in the process of an economy transitioning to less carbon-intensive environment. We develop a stress testing procedure to test the resilience of financial institutions to climate-related risks. The procedure involves three steps. The first step is to measure the climate risk factor by using stranded asset portfolio returns. The second step is to estimate time-varying climate beta of financial institutions using Dynamic Conditional Beta (DCB) model. The third step is to compute the systemic climate risk (CRISK), the capital shortfall of financial institutions in a climate stress scenario. This step is based on the same methodology as SRISK, but the climate factor is added as the second factor. We use this procedure to study large banks in the U.S. and the U.K. during the recent collapse in fossil-fuel prices.

### **Estimating SRISK for Emerging Markets (with Robert Engle)**

The expected capital shortfall of a financial entity conditional on a prolonged market decline, SRISK measure of Brownlees and Engle (2016), is a useful measure of financial fragility. The key challenge in applying SRISK is that it requires data on the market value of firm equity. However, many of the major financial institutions in emerging markets are not publicly listed and therefore do not have market data on firm equity. To get a full picture of financial fragility, it is crucial to estimate SRISK for unlisted firms as well. To this end, we estimate SRISK for unlisted Latin American and Chinese financial institutions by examining the relation between accounting data and market data for listed banks and then applying the same relation to unlisted firms.

## The Cross-section of Stock Price Sensitivity to Macroeconomic News Announcements over the Business Cycle

This paper studies the link between firm characteristics and sensitivities of stock prices to macroeconomic news announcement (MNA) surprises over the business cycle. I find that the stocks with high market beta are more sensitive to MNA surprises, while the relationships between the sensitivity and other characteristics (size, book-to-market ratio, profitability, investment, and momentum) are muted. Furthermore, the relationship between market betas and the sensitivities varies over the business cycle. The sensitivities tend to align with market betas in bad times but not in good times.

### PRESENTATIONS

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|------------------------------------|-------------|
| Society for Financial Econometrics | 2020        |
| Federal Reserve Board              | 2020        |
| AFA Ph.D. Poster Session           | 2020        |
| Columbia GSB Finance Ph.D. Seminar | 2020        |
| NYU Stern Finance Department       | 2017 – 2020 |

### HONORS AND AWARDS

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|---|-------------|
| Ph.D. Research Grant, Center for Global Economy and Business, NYU Stern                           | 2020        |
| AFA Ph.D. Student Travel Grant  | 2020        |
| Jules Bogen Fellowship, NYU Stern   | 2019 – 2020 |
| NYU Stern Doctoral Fellowship   | 2015 – 2021 |
| NYU Stern Teaching Commendation   | 2018        |
| Wharton Undergraduate Research Award  | 2012        |
| Merit-based Full Scholarship (Mirae Asset Park Hyeon Joo Foundation)<br>for Undergraduate Studies | 2007 – 2011 |

### TEACHING EXPERIENCE

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| <b>Instructor, Foundations of Finance</b> (Undergraduate)                                 | Summer 2018                       |
| Overall Evaluation: <b>5.0/5.0</b>  |                                   |
| <i>Awarded Commendation for Teaching Excellence</i>                                       |                                   |
| Teaching Fellow, Financial Econometrics (Ph.D.) Prof. Robert Engle                        | Spring 2018                       |
| Teaching Fellow, Volatility (MBA) Prof. Robert Engle                                      | January 2020                      |
| Teaching Fellow, Investments (Executive MBA) Prof. Anthony Lynch                          | Fall 2019                         |
| Teaching Fellow, Foundations of Finance (MBA) Prof. Anthony Lynch                         | Summer 2017 – 2019                |
| Teaching Fellow, Principles of Securities Trading (Undergraduate)<br>Prof. Joel Hasbrouck | Spring & Fall 2017-<br>2018, 2020 |

## WORK EXPERIENCE

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| <b>J.P. Morgan (S.E.A) Limited</b> , Singapore, Singapore<br><i>FX &amp; Rates Trading, Currency &amp; Emerging Markets</i><br>Traded Asian emerging market currencies (Singapore, Thailand, Malaysia, Indonesia, India, Philippines, China, Hong Kong, Taiwan, Korea) spot, forwards, and swaps.<br>Managed risk of electronic FX trading book. | Jul 2012 – Jul 2015<br>Associate ( <b>Trader</b> ) |
| <b>J.P. Morgan (S.E.A) Limited</b> , Singapore, Singapore<br><i>FX &amp; Rates Trading, Global Emerging Markets</i>  | Jun 2011 – Aug 2011<br>Summer Analyst              |
| <b>Goldman Sachs (Asia) L.L.C</b> , Seoul, Korea<br><i>Fixed Income, Currencies and Commodities</i>  | Jun 2010 – Aug 2010<br>Summer Analyst              |

## REFERENCES

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### **Prof. Robert Engle (Co-chair)**

*Michael Armellino Professor in the Management of Financial Services*  
New York University, Stern School of Business  
Email: [rengle@stern.nyu.edu](mailto:rengle@stern.nyu.edu)

### **Prof. Philipp Schnabl (Co-chair)**

*Martin J. Gruber Professor in Asset Management*  
New York University, Stern School of Business  
Email: [schnabl@stern.nyu.edu](mailto:schnabl@stern.nyu.edu)

### **Prof. Joel Hasbrouck**

*Kenneth G. Langone Professor of Business Administration and Professor of Finance*  
New York University, Stern School of Business  
Email: [jhasbrou@stern.nyu.edu](mailto:jhasbrou@stern.nyu.edu)

### **Prof. Ralph Koijen**

*AQR Capital Management Professor of Finance and Fama Faculty Fellow*  
University of Chicago, Booth School of Business  
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### **Prof. Alexi Savov**

*Associate Professor of Finance*  
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