

HYEYOON JUNG

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EDUCATION

Leonard N. Stern School of Business, New York University, New York, NY

Ph.D. in Finance 2021

Dissertation: Essays on International Finance and Financial Stability

Committee: Robert Engle (Co-chair), Philipp Schnabl (Co-chair), Ralph Koijen, Alexi Savov, Joel Hasbrouck

M.Phil in Finance 2019

University of Pennsylvania, Philadelphia, PA 2012

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

International Finance, Financial Intermediation, Asset Pricing, Climate Finance

RESEARCH

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.

Climate Stress Testing (with Robert Engle and Richard Berner)

Climate change could impose systemic risks upon the financial sector, either via disruptions of economic activity resulting from the physical impacts of climate change or changes in policies as the economy transitions to a less carbon-intensive environment. We develop a stress testing procedure to test the resilience of financial institutions to climate-related risks. Specifically, we introduce a measure called CRISK, systemic climate risk, which is the expected capital shortfall of a financial institution in a climate stress scenario. We use the measure to study the climate-related risk exposure of large global banks in the recent collapse in fossil-fuel prices.

RESEARCH IN PROGRESS

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 (including scheduled)

Workshop on Macroeconomics and Financial Implications of Climate Change by Central Bank of Chile	2021
2nd Annual Volatility and Risk Institute Conference	
Korea University (Business School)	
Hong Kong University of Science and Technology (Business School)	
Vanderbilt (Owen)	
Yale (School of Management)	
Federal Reserve Bank of New York	
Federal Reserve Board	
Stockholm School of Economics (Business School)	
Federal Reserve Bank of Chicago	
Warwick (Business School)	
University of South Carolina (Darla Moore)	
Oxford (Said)	
Imperial College London (Business School)	
Hong Kong University (Business School)	
Federal Reserve Board Pre-Job Market Conference	2020
Society for Financial Econometrics Seminar	
AFA Ph.D. Poster Session	
Columbia GSB Finance Ph.D. Seminar	
NYU Stern Finance Department	2017 – 2020

HONORS AND AWARDS

Research Grant, Inter-American Development Bank and Volatility and Risk Institute, NYU Stern	2021
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) for Undergraduate Studies	2007 – 2011

TEACHING EXPERIENCE

Instructor, Foundations of Finance (Undergraduate)	Summer 2018
Overall Evaluation: 5.0/5.0	
<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) Prof. Joel Hasbrouck	Spring & Fall 2017- 2018, 2020
Project Advisor, Stern Signature Project (MBA) Prof. Robert Engle	Spring 2021

WORK EXPERIENCE

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

REFERENCES

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