

# HYEYOON JUNG

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## EMPLOYMENT

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<b>Federal Reserve Bank of New York</b> <i>Financial Intermediation Policy Research Division, Research Group</i>	Jul 2021 – Current Economist
<b>J.P. Morgan (S.E.A) Limited</b> <i>FX &amp; Rates Trading, Currency &amp; Emerging Markets</i>	Jul 2012 – Jul 2015 Associate (FX Trader)

## EDUCATION

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<b>Leonard N. Stern School of Business, New York University, New York, NY</b> Ph.D. in Finance <i>Dissertation: Essays on International Finance and Financial Stability</i>	2021
M.Phil in Finance	2019
<b>University of Pennsylvania, Philadelphia, PA</b> <i>Jerome Fisher Program in Management and Technology</i>	2012
<b>The Wharton School</b> , Bachelor of Science in Economics, <i>Magna Cum Laude</i>	
<b>The School of Engineering and Applied Science</b> , Bachelor of Applied Science, <i>Magna Cum Laude</i>	

## RESEARCH INTERESTS

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International Finance, Financial Intermediation, Asset Pricing, Climate Finance

## RESEARCH

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### **The Real Consequences of Foreign Exchange Derivatives Hedging** (Job Market Paper)

I exploit a quasi-natural experiment in South Korea to examine the real effects of foreign exchange derivatives (FXD) hedging. By using cross-bank variation in the tightness of an FX regulation designed to discourage risk-taking by financial intermediaries, I show that the regulation caused a decline in the supply of FXD, resulting in a substantial reduction in exports, especially for small firms that relied heavily on FXD hedging. I present a mechanism involving firms' costly external financing, as well as their costly switching of banking relationships and banks' costly equity financing, that explains the empirical findings.

### **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 in 2020.

### **Deviations from the Law of One Price across Economies (with Jaehoon Kyle Jung)**

In a model with agents facing constraints heterogeneous across economies, we provide a novel explanation for an understudied yet economically significant deviation from the Law of One Price across FX forward markets. Specifically, we document a substantial divergence between the exchange rate for locally traded forward contracts and contracts with the same maturity traded outside the jurisdiction of countries during the global financial crisis, and that the magnitudes varied across currencies. The model predicts that (1) the basis increases with the shadow costs of constraints across time and increases with the country-specific FX 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 FX position limit constraint imposed on the intermediaries. We test the model predictions and find consistent evidence in the countries with tight position limits.

## **RESEARCH IN PROGRESS**

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### **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

mutated. 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)

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**Conferences:** ASSA 2023 2023

**Seminars:** Federal Reserve Cross-bank Climate Risk Community, Board of Governor's CREST Seminar, ESSEC-Amundi Chair Webinar, Bank of Korea, Federal Reserve Bank of Richmond 2022

**Conferences:** UN PRI Academic Network Conference, OFR Climate Implications for Financial Stability Conference, Cornell University ESG Investing Research Conference, International Journal of Central Banking Research Conference, European Finance Association Meeting, Central Bank Research Association Annual Meeting, Banco de Portugal Conference on Financial Intermediation, OCC Symposium on Climate Risk in Banking & Finance, IMF Macro-Financial Research Conference, System Climate Meeting by the Federal Reserve Bank of San Francisco, NY Fed- Columbia Conference on Environmental Economics and Policy, HEC Paris - CEPR Conference, Banque de France Workshop, Eastern Finance Association Meeting, University of Oklahoma Energy and Climate Finance Research Conference, European Systemic Risk Board Workshop, Conference of the Western Economic Association International Meeting (International Banking, Economics, and Finance Association Session)

**Seminars:** European Central Bank, Central Bank of Chile, Korea University, Hong Kong University of Science and Technology, Vanderbilt Owen, Yale SOM, Federal Reserve Bank of New York, Federal Reserve Board, Stockholm School of Economics, Federal Reserve Bank of Chicago, Warwick Business School, U of SC Darla Moore, Oxford Said, Imperial College London, University of Hong Kong 2021

**Conferences:** European Conferences of the Econometrics Community (EC<sup>2</sup>) Conference, MIT GCFP Conference, Australasian Finance and Banking Conference, IFABS Oxford Conference, International Risk Management Conference, Federal Reserve Stress Testing Conference, Volatility and Risk Institute Conference

**Seminars:** Society for Financial Econometrics Seminar, NYU Stern, Columbia GSB (Ph.D.) 2020

**Conferences:** AFA Ph.D. Poster Session, Federal Reserve Board Pre-Job Market Conference

## PROFESSIONAL SERVICES

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**Refereeing:** Applied Economics Letters, Journal of Banking & Finance, Review of Finance

**Session Chair:** IFABS 2021 Oxford Conference (Climate Change Session), EC<sup>2</sup> 2021 Conference (Macroeconomics of Emissions, Climate Finance Session)

**Discussion:** 2021 Australasian Finance and Banking Conference, 2022 Eastern Finance Association Meeting, 2022 Southern Economic Association Meeting (Scheduled)

## HONORS AND AWARDS

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Research Grant, National Science Foundation	2022
Project "Market Based Climate Stress Tests" (Award # 2218455)	
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

## 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) Prof. Joel Hasbrouck	Spring & Fall 2017-2018, 2020
Project Advisor, Stern Signature Project (MBA) Prof. Robert Engle	Spring 2021

Guest Speaker, Climate Finance, NYU Stern, Prof. Johannes Stroebe  
Guest Speaker, Credit Risk and Bankruptcy, NYU Stern, Prof. Viral Acharya

Fall 2021  
Spring 2022

## REFERENCES

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

New York University, Stern School of Business  
Email: [rengle@stern.nyu.edu](mailto:rengle@stern.nyu.edu)

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

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**Prof. Joel Hasbrouck**

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**Prof. Ralph Koijen**

University of Chicago, Booth School of Business  
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**Prof. Alexi Savov**

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