JINGYE WANG

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EDUCATION

Ph.D., Economics, Boston University, Boston MA, May 2022 (expected)
Dissertation Title: *Essays on Currency Premium*
Dissertation Committee: Tarek A. Hassan, Stephen J. Terry and Andrea Vedolin

M.A., Graduate Program in Economic Development, Vanderbilt University, TN, 2016

B.A., Information Management and Systems, Peking University, Beijing, China, 2013

B.A., Economics, Peking University, Beijing, China, 2013

FIELDS OF INTEREST

International Finance, International Macroeconomics, Asset Pricing

WORKING PAPERS

"Currency Risk and Capital Accumulation," September 2021. Job Market paper.
(link to paper)

WORK IN PROGRESS

"A Currency Premium Puzzle" (joint with Tarek A. Hassan and Thomas M. Mertens)

PRESENTATIONS

Macro Dissertation Workshop, Boston University, Fall 2018, Spring 2020, Fall 2021
Quesdrom School of Business Brownbag Seminar, Boston University, Fall 2021.

FELLOWSHIPS AND AWARDS

Dean's Fellowship, Boston University, Fall 2016 – Spring 2021

WORK EXPERIENCE

Research Assistant for Professor Tarek A. Hassan, Summer 2020, Spring 2021

TEACHING EXPERIENCE

Instructor for:
Math Camp, GPED, Vanderbilt University, Summer 2015

Teaching Assistant for:
Intermediate Macroeconomic Analysis, Boston University, Spring 2021
International Macroeconomics, Boston University, Fall 2020-2018, Spring 2019
Economics of Risk and Uncertainty, Boston University, Fall 2020
Empirical Economic Analysis 1, Boston University, Spring 2020
Introduction to Economic Dynamics, Boston University, Spring 2020
Monetary and Banking Institutions, Boston University, Spring 2020
Financial Economics, Boston University, Fall 2019, Fall 2018, Fall 2017
International Finance, Boston University, Spring 2019
Economic Analysis of Legal Issues, Boston University, Spring 2019
Money and Financial Intermediations, Boston University, Fall 2018, Fall 2017

LANGUAGES

Chinese (Native), English (Fluent)

COMPUTER SKILLS:

STATA, R, C++, C, Mathematica, MATLAB, Dynare, LaTeX, Python (Basic), Julia (Basic)

CITIZENSHIP/VISA STATUS: Chinese/F1

REFERENCES

Professor Tarek Alexander Hassan
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Professor Andrea Vedolin
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JINGYE WANG

Currency Risk and Capital Accumulation (Job Market Paper)

The “Lucas Paradox" states that there are large and persistent differences in capital-output ratios across countries, suggesting capital is not flowing to countries where it is relatively scarce. In the data, capital-output ratios vary a lot cross-sectionally even within developed countries, and they are negatively correlated with currency risk premia and risk-free rates. To rationalize these patterns, I build a quantitative multi-country model of capital accumulation with external habit and heterogeneous exposures to a global productivity shock. I show that currency risk in this model generates cross-country variations in risk-free rates and capital-output ratios that are consistent with the data. I estimate the model using GDP data from countries issuing the G10 currencies and find two main results: (1) The heterogenous loadings that I extract from GDP data alone are highly correlated with capital-output ratios; and (2) when I feed the estimated loadings to the model, model-generated capital-output ratios account for roughly 55% of the cross-country variation in the data. I conclude that variation in currency risk and therefore currency risk premia have significant effects on the real economy.

A Currency Premium Puzzle
(with Tarek A. Hassan and Thomas M. Mertens)

Canonical long-run risk and habit models address the equity premium puzzle by inducing a strong, negative correlation between the variance and the mean of the stochastic discount factor. When applied to an open economy with complete markets, this key feature requires that differences in currency returns should arise primarily from predictable appreciations, a requirement that is at odds with the data. We term this tension between a high equity premium, smooth risk-free rates, and largely unpredictable exchange rates the *currency premium puzzle* and argue it is the underlying reason why existing international asset pricing models have struggled to simultaneously match data on currency returns, equity returns, and risk-free rates.

November 2021