

Jongho Lee

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Placement Chairs

Sandra Black
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Amy Devine
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Education

Columbia University
Ph.D. in Economics
M.Phil. in Economics

New York, United States
2019 - Present
2022

Seoul National University
B.A. in Economics

Seoul, Republic of Korea
2009 - 2016

Fields of Specialization

Macroeconomics, Finance, International Economics

Working Papers

The Synthetic Dollar Funding Channel of US Monetary Policy (*Job Market Paper*)

This paper proposes a novel transmission channel of US monetary policy through the FX swap market: the *synthetic dollar funding channel*. First, I show empirically that a contractionary US monetary policy shock widens deviations from covered interest rate parity (CIP) in the post-global financial crisis period. Then, I construct a two-country New Keynesian model with a FX swap market where US banks are arbitrageurs while non-US banks are demanders of FX swap. CIP deviations are non-zero due to the limit on arbitrage. From the calibrated model, a contractionary US monetary policy shock widens CIP deviations because it tightens the limit on arbitrage. Then, monetary transmission is amplified since the gap between cost of synthetic dollar funding and direct dollar funding becomes larger. Finally, I show that central bank swap lines attenuate the synthetic dollar funding channel of US monetary policy.

Optimal Central Bank Swap Line Policy

This paper studies the optimal central bank swap line policy. Due to a pecuniary externality, there is a trade-off between ex-ante and ex-post efficiency of the swap line policy. During financial crises, the swap line policy lowers CIP deviations and prevents fire sale of source currency assets, beneficial to both the recipient and the source country. However, it makes recipient banks to overborrow ex-ante, sowing the seeds of financial crises. From a global welfare point of view, the ex-post efficient policy is more lenient than the ex-ante efficient policy, which implies time inconsistency. The policy mix with macroprudential policies can correct the overborrowing problem and resolve time inconsistency. Moreover, policy coordination of a cooperative Ramsey problem obtains undersupply (oversupply) of source currency provision under a realistic condition when the source country has higher (lower) bargaining power.

The Effects of Monetary Policy under Dominant Currency Pricing and Dominant Currency Financing

This paper investigates effects of domestic and foreign monetary policy under dominant currency pricing and dominant currency financing. For this purpose, I construct a small open economy New Keynesian model with a working capital constraint. Due to the need for working capital for importing intermediate inputs, dominant currency pricing and dominant currency financing are complementary. Under the working capital constraint, the depreciation of the dominant currency is not sufficient for predicting trade volume. Even though both the expansionary domestic monetary policy and the contractionary foreign monetary policy lead to the depreciation of the domestic currency, trade volume move in the opposite direction since monetary policy affects marginal costs through working capital constraint. Finally, I extend the model by including non-tradable sectors, which amplifies the response of trade volume to monetary policy shock since profits of non-tradables are not insulated from the depreciation.

Works in Progress

“Monetary Policy Transmission in a Multi-Sector Small Open Economy” with Hafedh Bouakez and Jay Hyun

Pre-Doctoral Publication

“Effects of Global Value Chains on Productivity of Individual Industries” (with Sihwan Yang), *BOK Monthly Bulletin*, 2017-7 (in Korean)

Research Experience

Federal Reserve Board , Division of International Finance Dissertation Fellow	Jun 2024 - Aug 2024
Columbia University , Department of Economics Research Assistant for Professor Stephanie Schmitt-Grohé	Aug 2022
Bank of Korea , Research Department and Communications Department Junior Economist	Jan 2016 - Jul 2018

Teaching Experience

Columbia University , <i>Teaching Assistant</i>	New York, United States
Intermediate Macroeconomics (Undergraduate, Émilien Gouin-Bonenfant)	Spring 2024
Macroeconomic Analysis I (M.A., Julian di Giovanni)	Fall 2023
Intermediate Macroeconomics (Undergraduate, Martín Uribe)	Spring 2023
International Macroeconomics (Undergraduate, Stephanie Schmitt-Grohé)	Fall 2022
Macroeconomic Analysis II (Ph.D., Stephanie Schmitt-Grohé)	Spring 2022
Corporate Finance (Undergraduate, Ethan Namvar)	Fall 2021
Introduction to Econometrics (Undergraduate, Seyhan Erden)	Spring 2021
Macroeconomic Analysis I (M.A., Ronald Miller)	Fall 2020

Fellowships, Honors, and Awards

Dissertation Fellowship, <i>Columbia University</i>	2024 - 2025
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Wueller Teaching Award, <i>Winner, Columbia University</i>	2024
Dissertation Fellowship, <i>Federal Reserve Board</i>	2024
Wueller Teaching Award, <i>Runner-up, Columbia University</i>	2022
Wueller Teaching Award, <i>Winner, Columbia University</i>	2021
Dean's Fellowship, <i>Columbia University</i>	2019 - 2024
Doctoral Study Abroad Scholarship, <i>Korea Foundation for Advanced Studies</i>	2019 - 2024
Governor's Award for Academic Paper Competition, <i>1st prize, Bank of Korea</i>	2017
Eminence Scholarship, <i>Full scholarship, Seoul National University</i>	2014

Conference and Seminar Presentations (* SCHEDULED)

2024: Annual Carey Finance Conference*, 19th WashU Economics Graduate Student Conference*, Asia Meeting of the Econometric Society in East & Southeast Asia, Federal Reserve Board Dissertation Fellowship Seminar, 30th CEF Conference (declined), 23rd Macro-Finance Society Workshop, Columbia Macroeconomics Seminar
2023: Columbia Macroeconomics Seminar

Personal

Citizenship: Republic of Korea

Computer Skills: MATLAB, STATA, Python, R

Language: English (Fluent), Korean (Native)

Military Service: Sergeant, Republic of Korea

References

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