

Junyong Kim

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Employment

- Assistant Professor of Finance. UNIVERSITY OF NORTH CAROLINA AT PEMBROKE 2022–present
- Visiting Assistant Professor of Finance. UNIVERSITY OF WISCONSIN–MILWAUKEE 2020–2022

Education

- Ph.D. in Finance with a minor in Econometrics. UNIVERSITY OF WISCONSIN–MILWAUKEE 2015–2020
Dissertation: [THREE ESSAYS ON MARKET ANOMALIES AND FINANCIAL ECONOMETRICS](#)
Committee: Valeriy Sibilkov (chair). Richard D. Marcus. John R. Huck. Jangsu Yoon. Donghyun Kim
Sheldon B. Lubar Scholarship (2016–2017; 2018–2020)
- M.S. in Finance. SEOUL NATIONAL UNIVERSITY 2013–2015
Thesis: [THE CROSS-SECTION OF CONDITIONAL HETEROSKEDASTICITY AND EXPECTED RETURN](#)
Woongdae Scholarship (2012–2014)
- B.B.A. in Business Administration (Dean’s List). KYUNG HEE UNIVERSITY 2007–2013
Exchange student (Chancellor’s Honor Roll). UNIVERSITY OF MISSISSIPPI (2012)
Military service. Seoul Metropolitan Police Agency (2007–2009)

Research Interests

Empirical asset pricing. International finance. Momentum. Volatility. Financial econometrics

Publication

- [INFORMED TRADING OF OUT-OF-THE-MONEY OPTIONS AND MARKET EFFICIENCY](#) 2022
with Chang-Mo Kang, Donghyun Kim, and Geul Lee *Journal of Financial Research* 45 (2), 247–279
2018: University of Wisconsin–Milwaukee; 2016: OptionMetrics Research Conference. Financial Research Network Annual Conference. Australasian Finance and Banking Conference. Annual Conference on Asia-Pacific Financial Markets
- We examine stock return predictability of “Out-of-The-Money (OTM) put-to-OTM call trading volume ratio” (OTMPC). Our numerical analysis predicts that, in the U.S. equity option market, informed investors hardly write OTM options because the leverage effect is not sufficient to compensate for transaction costs. OTMPC, thus, captures the informed investors’ OTM put purchase volume relative to their OTM call purchase volume. After controlling for the existing empirical proxies for informed option trading, we find that OTMPC predicts future stock returns and corporate news. The return predictability offers implementable stock portfolio strategies. Our findings suggest that market inefficiency can emerge from uninformed investors’ limited knowledge about how transaction costs influence the trading strategies of informed investors.

Working Papers

- GLOBAL FLIGHT-TO-QUALITY AND ASSET PRICING: EVIDENCE FROM FACTOR RETURNS 2023
with Chang-Mo Kang and Donghyun Kim Accepted at Financial Management Association Annual Meeting (2023)
2023: Business Faculty Research Alliance. Korean Securities Association Annual Summer Finance Roundtable. Annual Conference of Asia-Pacific Association of Derivatives. Midwest Finance Association Annual Meeting. University of Seoul; 2022: Yonsei University. Sungkyunkwan University. Utah Valley University; 2021: Chung-Ang University; 2020: Financial Management Association Annual Meeting. Annual Conference on Asia-Pacific Financial Markets. Korea Advanced Institute of Science and Technology. Seoul National University; 2019: University of Wisconsin–Milwaukee
- Global flight-to-quality (FTQ) events lead to underperformance of distressed stocks which subsequently outpace the market in recovery periods. The drastic return changes of distressed stocks, concurrently observed across borders, create internationally synchronized abnormal returns of prevailing factors. By analyzing 153 factors of 13 themes in 23 developed countries, we find that the global FTQ events enhance the global quality factor's positive correlations with five themes of local factors (low risk, momentum, profit growth, profitability, and quality) and negative correlations with two themes (size and value). The changes in global quality factor exposures of local factors are orthogonal to the changes in market factor exposures. Further, the swing of global quality factor returns amplifies volatility of the seven themes of local factors across borders. Our results provide novel implications for global equity investment and asset pricing.
- ZOOM IN ON MOMENTUM 2023
Under review at *International Review of Financial Analysis* (2023)
- Portfolios sorted by momentum show stronger return monotonicity than those formed using other anomalies. Compared with other strategies, the performance of such a momentum strategy improves monotonically with the number of portfolios. These improvements are significant beyond the influences of the usual pricing factors. Momentum factors based on more portfolios span those based on fewer portfolios, whereas the opposite effects do not hold. The evidence reported in this study suggests that a momentum factor formed on more than 10 portfolios sharpens the factor and its stylized facts.
- THE WORLD PRICES OF INCOME AND INEQUALITY RISKS 2023
- Income and inequality risk premia are estimated in the US, North America, Europe, Japan, and Asia Pacific excluding Japan, respectively. As prior literature predicts, the income and inequality factors explain the cross-sectional returns of size/book-to-market and size/momentum portfolios, and the income risk carries positive premia in all five regions. In contrast to its prediction, however, the inequality risk conveys negative premia in the US, North America, and Europe and delivers positive premia in Japan and Asia Pacific excluding Japan. The results suggest that inequality as well as income risk is a significant macro-finance pricing factor and plays distinct roles in different regions.
- REVISITING CAMPBELL AND VUOLTEENAHO (2004) 2022
- I revisit Campbell and Vuolteenaho's (2004) Bad Beta Good Beta intertemporal capital asset pricing model (ICAPM) by replicating the original results, extending them with the latest data, changing the test assets, and altering the tests. From July 1963 to December 2001, the ICAPM outperforms the capital asset pricing model (CAPM) in explaining the size and book-to-market portfolios but does not in explaining other test assets. From January 2002 to June 2021, the ICAPM no longer outperforms the CAPM even in explaining the size and book-to-market portfolios.

Works in Progress

- ANOMALIES ANOMALIES
- HOW DOES VOLATILITY MANAGEMENT IMPROVE ANOMALIES? with Chang-Mo Kang and Donghyun Kim
- WHICH VOLATILITY DRIVES THE ANOMALY? CASH FLOW VERSUS DISCOUNT RATE
- MULTIWAY CLUSTERED STANDARD ERRORS IN FINITE SAMPLES

Service

- Discussant. Financial Management Association Annual Meeting (2023)
- Discussant. Annual Conference of Korea Money & Finance Association (2023)
- Referee. *Finance Research Letters* (2021)

Teaching Experience

University of North Carolina at Pembroke

- Business Finance (8 sections) 2022–present
- Behavioral Finance (2 sections) 2023–present
- Investment Analysis and Portfolio Management (1 section) 2023–present
- Money, Financial Markets, and Institutions (2 sections) 2022–present

University of Wisconsin–Milwaukee

- Financial Modeling (11 sections) 2019–2022
 - Outstanding Doctorial Student Teaching Award (2020)
 - Gold Star Teaching Award (2020)
- Investment Finance (4 sections) 2020–2022
- International Financial Management (9 sections) 2017–2021
- Intermediate Finance (4 sections) 2019–2020
 - Outstanding Doctorial Student Teaching Award (finalist; 2019)

Skills

C. Git. \LaTeX . Python. R. SAS. Slurm. Stata

References

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