Junyong Kim

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Education

- Ph.D., Finance, with a minor in Econometrics, University of Wisconsin–Milwaukee 2015–Current
- M.S., Finance, Seoul National University 2013–2015
- B.B.A., Business Administration, Kyung Hee University 2007–2013

  Military service, Seoul Metropolitan Police Agency 2007–2009
- Exchange student, University of Mississippi 2012

Research Interests

Empirical Asset Pricing, International Finance, Momentum, Volatility, Financial Econometrics

Working Papers

- Flight-to-quality and momentum crashes, with Donghyun Kim and Chang-Mo Kang
  - Momentum crashes are defined as extremely negative returns of momentum portfolios. They occur in most developed stock markets and are centered in economic recovery periods after recessions. The negative returns and negative market betas of momentum strategies are associated with investors' behavior known as flight to quality (FTQ). At financial market collapses, low quality (*i.e.*, high default risk) firms experience larger investors' withdrawals and consequential stock price plunges. Owner of momentum portfolios tend to sell these stocks during recessions and underperform once their prices bounce back in the economic recovery phase. Furthermore, low quality stocks feature higher market betas particularly during recessions, which explains the negative market betas of momentum strategies before crashes.
- Which volatility drives the anomaly? Cash flow versus discount rate
  - We reexamine the idiosyncratic volatility puzzle of Ang et al. (2006) in the cross-section of stock returns at the quarterly horizon and investigate the relative importance of cash flow and discount rate shocks in driving the anomaly based on the news decomposition method of Vuolteenaho (2002) with quarterly data. The result from idiosyncratic volatility-sorted quintile portfolios shows that the zero investment portfolio constructed with two extreme portfolios earns about 1.3 percent (1.2 percent) alpha returns per quarter on average after controlling the market factor (Fama–French factors). In addition, we create two decile portfolios sorted on discount rate news volatilities and cash flow news counterparts. While the average return of the arbitrage portfolio from discount rate news volatilities is insignificant, the counterpart from cash flow news volatilities exhibits about 1.5 percent (1.2 percent) alpha returns per quarter on average after considering the market factor (Fama–French factors). These findings indicate that cash flow news volatilities rule most

things about the anomaly rather than discount rate news counterparts. In addition, the findings suggest that investors prefer cash flow news volatilities to discount rate news counterpartes, and hence not all idiosyncratic volatilities are equally priced in the cross-section.

- Multiway Clustered Standard Errors in Finite Samples
  - I demonstrate the downward bias of existing one-way and two-way clustered standard error estimators (Petersen, 2009; Thompson, 2011) in finite samples using Monte Carlo simulations. When there exist both firm and time effects in a panel regression with $N \gg T$, a firm clustered standard error is always the worst. A clustered standard error estimator by time is the third best, but worsens as T increases. A clustered standard error estimator by both firm and time is the second best, but is biased downward in finite samples. I suggest two first best standard error estimators that always outperform the others competitors.

Research Experience

- The cross-section of conditional heteroskedasticity and expected return, Master's Thesis (2015), Seoul National University
- An empirical investigation of the asymmetry of individual stock's conditional betas in the Korean stock market (Korean), with Sang-kyu Lee, *ESG Management Review* (2014) 4 (1), 1–34
- Structure and tracking error of ETF (Korean), with Jae Woong Min and Jung Bum Wee, *ESG Management Review* (2012) 1 (2), 97–124

Work Experience

- Associate lecturer, University of Wisconsin–Milwaukee 2017–Current
  - Intermediate Finance, 2 sections Spring 2020
  - Financial Modeling, 2 sections (5.00/5.00, 4.96/5.00) Fall 2019
  - Intermediate Finance, 2 sections (4.83/5.00, 4.56/5.00) Spring 2019
  - International Financial Management, 2 sections (4.08/5.00, 3.97/5.00) Fall 2018
  - International Financial Management, 2 sections (4.50/5.00, 4.13/5.00) Spring 2018
  - International Financial Management, 2 sections (4.65/5.00, 4.43/5.00) Fall 2017

  Teaching assistant 2016–2017
  - Principles of Finance, 5 sections (4.59/5.00) Spring 2017
  - Principles of Finance, 5 sections (4.22/5.00) Fall 2016

  Research assistant 2015–2016
- Teaching assistant, Seoul National University 2014
  - Financial Derivatives Fall 2014
  - Special Topics in Management Fall 2014
  - Financial Derivatives Spring 2014

  Research assistant 2013–2014
- Research assistant, Kyung Hee University 2012–2013

  Teaching assistant 2011–2012
  - Basic Econometrics with SAS Application Fall 2012
- Teaching assistant, Kyung Hee Cyber University 2009–2010
- Research assistant, Bank of Korea 2009

Honors and Awards

- Sheldon B. Lubar Scholarship, University of Wisconsin–Milwaukee 2016–2017, 2018–Current
  Finalist, Outstanding Doctorial Student Teaching Award 2019
- Gold Order of Merit, Korean Red Cross 2015
  Silver Order of Merit 2014
- Woongdae Scholarship, Woongdae Foundation 2012–2014
- Scholarship for Excellence, Kyung Hee University 2011–2013
  Dean's List 2012
  The First Prize, Student Awards 2012
  The First Prize, Kyung Hee University–SAS Korea 2011
- The First Prize, Ulsan National Institute of Science and Technology 2012
- Chancellor's Honor Roll, University of Mississippi 2012
- Prize for Excellence, Dongbu Cultural Foundation 2011
- Prize, Citibank Korea Inc.–Korea Institute of Finance 2011
- Prize for Excellence, Yuanta Securities Korea Co. Ltd. 2010
- The First Prize, Standard Chartered Bank Korea Ltd. 2010

Skills

LaTeX, Python, R, SAS, Slurm, Stata

References

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