

## **HYUNSOO JOO**

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### **EDUCATION**

Ph.D. Economics, University of Maryland at College Park, expected May 2012

M.A. Economics, Seoul National University, 2000

B.A. Economics, Seoul National University, 1998

### **DISSERTATION**

*Part I. "Country Risk Premia and Real Exchange Rates Under Alternative Exchange Rate Regimes"*

*Part II. "The Impact of Macroeconomic Announcement on Real Time Foreign Exchange Rate in Emerging Markets"*

*Committee: Prof. Carlos Vegh (Chair), Prof. Anton Korinek, Prof. Pablo D'Erasmus*

### **FIELDS OF SPECIALIZATION**

Primary: International Finance

Secondary: Macroeconomics, Econometrics

### **PAPERS**

"Country Risk Premia and Real Exchange Rates Under Alternative Exchange Rate Regimes,"  
Job Market Paper

"The Impact of Macroeconomic Announcement on Real Time Foreign Exchange Rate in Emerging Markets," (with Fang Cai and Zhiwei Zhang), International Finance Discussion Papers (973), Board of Governors of the Federal Reserve System, May 2009.

Presentation: EFMA (European Finance and Management Association) 2009 Annual Meetings

Presentation: (with Fang Cai) Federal Reserve Board of Governors, Washington, DC, August 2008

"A Parametric Approach to Developing an Early Warning System for ASEAN+3 Countries"  
Asian Development Bank (ADB), Regional Technical Assistance 5986, December 2002

"An Analysis of KOSPI200 Option Market Using GARCH and Implied Volatility Model,"  
(Korean language) Seoul National University, 2000

### **TEACHING EXPERIENCE**

*Teaching Assistant*, University of Maryland: Econometrics II, 2010, Principles of Microeconomics, 2009, Graduate Computer Lab Assistant, 2005-2007.

### **RESEARCH/WORK EXPERIENCE**

*Research Assistant*, International Monetary Fund, Washington, DC, 2007-2008

Exchange Rate Issues Division, Research Department

Project: The Impact of Macroeconomic Announcement on Real Time Foreign Exchange Rate in Emerging Markets

Project: Can Demand from China Shield East Asian Economies from Global Slowdown?

Project: China's Exporters and Importers: Firms, Products, and Trade Partners

*Quantitative Analyst*, Tong Yang Investment Bank, Seoul, Korea, 2002-2004  
Research Center

*Analyst*, Korea Center for International Finance, Seoul, Korea, 2000-2002  
Early Warning System Team for financial crises

### **AWARDS**

Jacob K. Goldhaber Award, for travel to conference, 2009.

Graduate Assistantship, University of Maryland, 2005-2007, 2009-2010.

**REFERENCES**

Carlos Vegh	University of Maryland	cvegh@econ.umd.edu	(301) 405-3546
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**THESIS ABSTRACT**

*Part I. "Country Risk Premia and Real Exchange Rates Under Alternative Exchange Rate Regimes"*  
*(Job Market Paper)*

This paper analyzes the relationship between country risk premium and exchange rate regimes. I came to the conclusion that the fixed exchange regime is preferred to the flexible regime, and the risk premium is lower under the fixed regime when the wage is divided into a conventional wage and a deferred wage. I analyze this problem with the friction in the wage structure where there are two types of wages; a conventional wage available to the current period of consumption and a deferred wage that is paid at the end of the period. When the share of wage that is deferred increases, the real exchange rate and capital used for the next period production is higher under the flexible exchange regime. Since the production in the current period can be defined as a negative function of real exchange rate, higher increase of real exchange rate leads into lower production in the period when a positive deferred wage shock occurs under the flexible exchange regime. Even though the production at the next period is higher under the flexible exchange regime, that does not cover initial loss of welfare at the current period. As a result, the fixed regime is preferred to the flexible regime thanks to lower volatility in consumption. In addition to facing sharp drop of production at the current period under the flexible regime as well as higher level of capital for the next period's production, the remaining wealth that will be used for the next period of capital production is further reduced. The reduce of remaining wealth, increase of real exchange rate, and a surge of capital for the next period lead into the increase of leverage ratio, which is defined by value of money for capital production to own capital. Therefore, the risk premium under the flexible regime is higher. When I replace a deferred wage shock with other real shocks, such as technology shock and world interest rate shock, still the risk premium under the flexible regime is higher than under the fixed regime. The addition of the asset holders and inclusion of sticky wage do not change these results.

*Part II. "The Impact of Macroeconomic Announcement on Real Time Foreign Exchange Rate in Emerging Markets"*

This paper utilizes a unique high-frequency database to measure how exchange rates in nine emerging markets react to macroeconomic news in the U.S. and domestic economies from 2000 to 2006. We find that major U.S. macroeconomic news have a strong impact on the returns and volatilities of emerging market exchange rates, but many domestic news do not. Emerging market currencies have become more sensitive to U.S. news in recent years. We also find that market sentiment could sway the impact of news on these currencies systematically, as good (bad) news seems to matter more when optimism (pessimism) prevails. Market uncertainty also interacts with macroeconomic news in a statistically significant way, but its role varies across currencies and news.

**PERSONAL INFORMATION**

Nationality: Korean (H-2 VISA)  
 Gender: Male  
*Language Skills:* Korean (native), English (fluent).