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FIELDS OF INTEREST

Applied Macroeconomics, International Finance, Econometrics

EDUCATION

2018 – 2022 **Ph.D. Economics, University of Warwick** (Expected)
2016 – 2018 M.Res. Economics, with Distinction, University of Warwick
2013 – 2015 M.A. Economics, Seoul National University
2010 – 2013 B.A. Economics and Law, Hankuk University of Foreign Studies

WORKING PAPER

Risk Factors in International Capital Flows (Job Market Paper)

The Global Transmission of US Monetary Policy
(with Riccardo Degasperi and Giovanni Ricco)

WORK IN PROGRESS

Identifying the US Government Spending Shocks
(with Giovanni Ricco and Simon Van Norden)

Information Rigidity in the Financial Sector

CONFERENCES

2022 Royal Economic Society Annual Conference
Bank of Korea
2021 Money, Macro and Finance Society Annual Conference (Cambridge University)
2019 Royal Economic Society Easter Training School (University of Essex)
Warwick Macro Workshop

AWARDS AND SCHOLARSHIPS

2018 – present	Chancellor's scholarship, University of Warwick
2016 – 2018	Departmental scholarship, University of Warwick
2014	Merit Scholarship, Seoul National University Alumni Association
2012 – 2013	President's scholarship, Hankuk University of Foreign Studies

TEACHING EXPERIENCE

2019 – 2020	Advanced Macroeconomic Analysis (M.Res/Ph.D), University of Warwick Teaching Evaluation : 4.75 / 5.0
2019	Economics for Business (Undergraduate), University of Warwick Teaching Evaluation : 4.0 / 5.0

WORK EXPERIENCE

2015 – 2016	Researcher, Korea Institute of International Economic Policy
2007 – 2009	Republic of Korea Air Force

OTHER INFORMATION

Languages	Korean (native), English (fluent), Spanish (basic)
Skills	Matlab, R, Julia, Stata, LaTeX
Citizenship	South Korea

REFERENCES

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ABSTRACT

Risk Factors in International Capital Flows (Job Market Paper)

In this paper, I study the role of financial factors in capital flows to emerging markets, with a particular emphasis on tail events. From a policymaker's perspective, the main challenge is to evaluate risks of extreme swings in capital flows, such as sudden stops and capital flights. They are rare events by nature, and it is known that non-linearity and asymmetry are the main characteristics of such crises. Recent theoretical models of sudden stops, such as Mendoza (2010), attempt to capture such processes via the form of occasionally binding constraints within the regular business cycle framework. However, in the empirical setting, it is challenging to detect such mechanisms with a standard regression strategy.

Using the dynamic factor model, I extract three indicators of commonality across a large set of financial indicators that capture global, emerging market, and country-specific conditions, respectively. I employ the factors in a quantile regression framework to explore the relationships between risk factors and capital flows to emerging economies. I report three main findings. First, I document evidence of asymmetric and nonlinear relationships between the global factor and both inflows and outflows. The asymmetric relationship is more muted for outflows. Second, the emerging market-specific factor delivers additional predictability for future inflows, while the country-specific factor has a minor role. Third, outflows show a strong correlation only with the US factor, contrary to inflows. This predictive signal is most evident during the Global Financial Crisis. These patterns hold for both in-sample and out-of-sample analyses.

I contribute to understanding risk factors in capital flows in three ways. First, I evaluate the role of global, emerging market, and country-specific factors on capital flow to emerging economies across different parts of the distribution. Unlike previous studies such as Forbes and Warnock (2012) and Ghosh et al. (2014), I avoid relying on arbitrary thresholds to define extreme episodes. Second, I examine the risk factors in both inflows and outflows from emerging markets. An important feature of capital flow is that it has two sides, defined by the residency principle. Capital movements initiated by foreigners and by domestic investors are likely driven by different factors, reflecting heterogeneous preferences, types, and hedging motives. Finally, this paper provides a potentially useful framework for motoring capital flow risk ex-ante. The timeliness of asset prices compared to official flows statistics yields practical insights even in the absence of a causal relationship: it sets the basic framework for 'nowcasting' capital flow distributions.

The Global Transmission of US Monetary Policy
(with Riccardo Degasperi and Giovanni Ricco)

Together with Riccardo Degasperi and Giovanni Ricco, I contribute to understanding how US monetary policy affects the rest of the world. The Mundell-Fleming model identifies two international transmission channels of US monetary policy: *demand-augmenting* and *expenditure-switching* effects. Beyond these traditional channels, recent debates have increasingly focused on spillovers via financial linkages or the *credit channel*. The relative strength of the different channels has important implications on monetary sovereignty, Dilemma vs Trilemma, and dominant currencies. Yet, as mentioned by Bernanke (2015), measuring the spillover effect from the US monetary policy is

challenging in practice: policy actions are mainly endogenous to global and US conditions. Moreover, there is significant heterogeneity across countries regarding cyclical positions and structural features.

This paper contributes to the literature on the transmission of US monetary policy in at least two aspects. First, to the best of our knowledge, it is the first to adopt a modern high-frequency identification of US monetary policy while controlling for signalling effects and potential endogeneity. Second, it employs a comprehensive monthly dataset of US, global and national macroeconomic variables, including data on liquidity, risk appetite and cross-border flows. Third, we gauge the relative strength of different transmission channels and explore how transmission changes conditional on structural features, such as degree of openness to capital and exchange rate regimes.

We report three novel findings using modern Bayesian VARs with asymmetric priors that effectively extract information from the rich database. First, a US monetary policy tightening has significant and relatively homogenous spillovers onto both advanced and emerging economies. This provides a striking visual image of the role of the Fed as the global central bank. Second, flexible exchange rates cannot fully insulate economies. Movements in risk premia limit central banks' ability to control the yield curve, even in advanced economies. Third, our analysis indicates that financial channels dominate over traditional channels in the transmission to real variables, while the transmission via oil and commodity prices determines nominal spillovers. The latter is an important novel channel not previously reported in the literature. We provide a stylised model to analyse these results and rationalise the main channels' roles discussed.