

# Kyungkeun Kim

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| EDUCATION                       | Ph.D., Economics, University of Washington<br>M.A., Economics, University of Washington<br>B.A., Economics, Seoul National University  | (Expected) June. 2016<br>Dec. 2012<br>Feb. 2001  |
| FIELD OF INTEREST               | International Finance (primary)<br>Monetary Economics, Financial Economics (secondary)   |  |
| WORKING PAPERS                  | Exchange Rate Regimes and Home Bias in Bonds (Job Market Paper)<br>What Drives International Equity Portfolio Rebalancing? (with Dongwon Lee)  |  |
| RELEVANT POSITIONS              | Economist, Bank of Korea<br>Economist, Ministry of Foreign Affairs and Trade, Korea  | 2001 - 2010<br>2009  |
| TEACHING EXPERIENCE             | Teaching Assistant, Macroeconomic Analysis I (Ph.D. Core)<br>Teaching Assistant, Macroeconomic Analysis II (Ph.D. Core)<br>Teaching Assistant, Macroeconomic Analysis III (Ph.D. Core)<br>Teaching Assistant, Introduction to Microeconomics (Undergraduate) | Fall 2013, Fall 2014<br>Spring 2014<br>Winter 2013<br>Fall 2012  |
| FELLOWSHIPS, HONORS, AND AWARDS | Teaching Assistantship, University of Washington<br>Graduate Teaching Award for Outstanding TA Work in Graduate Class, University of Washington<br>Doctoral Study Fellowship, Bank of Korea  | 2012-2014<br>2013<br>2010-2012   |
| PROGRAMMING                     | Matlab, Stata, SAS   |  |

## REFERENCES

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RESEARCH PAPERS **"Exchange Rate Regimes and Home Bias in Bonds" (Job Market Paper)**

Countries with more flexible exchange rate policies tend to hold more domestic bonds over foreign bonds, exhibiting what the literature terms a "home bias" in bond-holding. In this paper, I explain this as a consequence of optimal portfolio choice under heterogeneous monetary policy frameworks. First, I show that a lower share of domestic bonds in portfolios under a pegged regime than under a floating regime is mainly due to nominal bonds' inability to hedge against real shocks when the exchange rate is pegged. Therefore, exchange rate regimes are non-neutral for asset holdings through changing the hedging characteristics of nominal assets. Second, I show that, under a floating regime, more domestic bond holdings by countries with more volatile nominal exchange rates are due to more volatile real shocks. This finding implies that bond holdings under a floating regime are driven by real shocks, in contrast to bond holdings under a pegged regime. I develop two country DSGE models with endogenous portfolio choice in which nominal bonds are traded internationally and exchange rate regimes are characterized by interest rate rules.

**"What Drives International Equity Portfolio Rebalancing?" (Joint with Dongwon Lee)**

International equity investors tend to follow a portfolio rebalancing strategy by reallocating away from countries with higher returns. However, the motive behind this strategy remains an open and controversial issue in the literature. Employing a panel data set of micro-level fund equity portfolio allocation to 44 economies between 2000 and 2012, this paper examines a main driver of equity portfolio rebalancing for global funds. We find that the currency risk does not play a dominant role in the rebalancing decision, contrary to Hau and Rey (2006, 2008). We also show that fund managers exhibit stronger intensity of rebalancing from countries whose equity market is highly correlated with the global equity market. This empirical finding suggests that portfolio rebalancing is more likely to be driven by the underlying equity market than by currency. We build two period mean variance model to show that a country with an equity market that is more integrated into the global market is relatively riskier due to its higher covariance risk.