

博士論文審査結果報告
Report on Ph.D. / Doctoral Dissertation Defense
National Graduate Institute for Policy Studies (GRIPS)
Professor Fumio Hayashi

審査委員会を代表し、以下のとおり審査結果を報告します。

On behalf of the Doctoral Thesis Review Committee, I would like to report the result of the Doctoral Dissertation Defense as follows.

学位申請者氏名 Ph.D. Candidate	Vu Thanh Trung		
学籍番号 ID Number	PHD14302		
プログラム名 Program	Policy Analysis Program		
審査委員会 Doctoral Thesis Review Committee	主査 Main referee	林 文夫 HAYASHI Fumio	主指導教員 Main Advisor
	審査委員 Referee	HSU Minchung	副指導教員 Sub Advisor
	審査委員 Referee	藤本 淳一 FUJIMOTO Junichi	副指導教員 Sub Advisor
	審査委員 Referee	恒川 恵市 TSUNEKAWA Keiichi	博士課程委員会委員長代理 Acting Chairperson of the Doctoral Programs Committee
	審査委員 Referee	大橋 和彦 OHASHI Kazuhiko 一橋大学大学院経営管理 研究科	外部審査委員 EXternal Referee
論文タイトル Dissertation Title (タイトル和訳)※ Title in Japanese	Essays on Risk Premia in Emerging Market Currencies 新興国通貨のリスク・プレミアムについての研究		
学位名 Degree Title	博士 (国際経済学) Ph.D. in International Economics		
論文提出日 Submission Date of the Draft Dissertation	2018年9月28日	論文審査会開催日 Date of the Doctoral Thesis Review Committee	2018年11月9日
論文発表会開催日 Date of the Defense	2018年11月9日	論文最終版提出日 Submission Date of the Final Dissertation	2019年2月27日
審査結果 Result	合格 Pass		

※ タイトルが英文の場合、文部科学省に報告するため、和訳を付してください

Please add a Japanese title that will be reported to MEXT.

1. 論文要旨 **Thesis overview and summary of the presentation.**

The risk premium on an asset is defined as the expected value of the asset return net of the safe interest rate. Accounting for risk premia on a wide class of assets has been an important research agenda in modern finance. Regarding the equity premium (the risk premium on stocks), there is a huge literature originating from a classic 1985 paper by Mehra and Prescott, about the “equity premium puzzle”, which states that the standard asset pricing model, which relates the asset return to the path of consumption cannot explain why the equity premium is as large as observed for the U.S. stocks.

The most widely accepted resolution of the equity premium puzzle, due to Bansal and Yaron, is that consumption growth has a long-run component, whose volatility greatly affects the prospect of future standard of living. The Bansal-Yaron model has been extended to a two-country model by Colacito and Groce (*Journal of Political Economy*, 2011).

Several recent papers have documented that currencies of emerging markets generates risk premia that is comparable to the equity premium. The return from investing in a foreign currency depends on the foreign interest rate and the rate of appreciation of the foreign currency, and the risk premium on a foreign currency consists of the expected rate of appreciation of the foreign currency and the interest rate differential between the foreign and home currencies. The currency premium puzzle documented by those recent papers is that the currency risk premium is substantial for emerging market currencies (such as the Philippine Peso) but not for major currencies (such as the Euro).

The candidate’s Ph.D. thesis is the first attempt in the literature to provide a theoretical explanation of the currency premium puzzle. It does so by resorting to the long-run consumption volatility. The Colacito-Groce (2011) model already provides a link to the long-run consumption volatility to the exchange rate, but the two countries in their model is symmetric, so that the currency risk premium is zero by construction. The candidate’s

theoretical contribution is to relax the symmetry assumption and allow many, not just two, countries. In particular, the long-run consumption volatility can vary across countries. He shows that (a) the long-run consumption volatility is higher for emerging economies, and (b) the emerging market currency risk premium is higher for that reason. This is done in Chapter 2.

The other chapters --- Chapter 1 and Chapter 3 --- are empirical. Chapter 1 focuses on the so-called Fama regression, which relates the rate of change of the spot exchange rate to the interest rate differential between the two countries. There is a large literature reporting that the coefficient on the interest rate differential is negative and large in absolute value. This finding has been called the “forward premium puzzle”, because, under the assumption that the forward exchange rate is the rational expectation of the future spot exchange rate (this is called the “uncovered interest rate parity”), the coefficient should be unity. The contribution of Chapter 1 is to show that the puzzle disappears if the post-Lehman crisis period is included in the sample.

The other empirical chapter of the thesis --- Chapter 3 --- extends what has been done for stocks to currencies. For stocks, there is a famous paper by Fama and French that the cross-section of stock returns can be well explained by three factors. Chapter 3 does the Fama-French exercise on currency returns, and finds that two factors (the global component common to all currency returns and the interest rate differential) explain a large part of the cross section of currency returns.

2. 審査報告 Notes from the Doctoral Thesis Review Committee (including changes required to the thesis by the referees)

The committee is unanimous in that the candidate’s thesis represents genuine theoretical and empirical contributions to the literature. There are, however, several changes that need to be

made. Those suggested changes are shown in the order of importance.

- There should be some discussion on the relation between the Ch. 2 model and the factor model in Ch. 3. Ideally, you would derive the factor model from the explicit model of Ch. 2. There is no need to go that far (although it would be great if that is accomplished), there should be a substantive discussion on the relation between Ch. 2 and Ch. 3.
- The Ch. 2 model is a real model, not nominal model. The risk premia computed from data shown in relevant tables are not adjusted for inflation. Display inflation-adjusted risk premia in the relevant tables.
- The way it is written, Chapter 1 does not make it clear that it provides a new answer to the old question (of how to resolve the forward premium puzzle). Display two sets of regression results: one is for the sample excluding the post-Lehman period and the other including the period. Show that there is no forward premium puzzle if the post-Lehman period is included.
- One of the parameters of the Ch. 2 model is the degree of risk aversion. Chapter 2, as is, shows that for some calibrated value of the risk aversion parameter, the currency risk premium predicted by theory is of the same order of magnitude as observed in data. Indicate how the results change if the value of the risk aversion parameter is changed.
- In many passages, the discussion fails to give due credits to the material cited from other work. It creates an impression of intellectual dishonesty. Be very explicit about whether the material is original or is borrowed from someone else's work.
- There are many annoying formatting features. The style and the format of presentation should be consistent throughout the entire thesis.

3. 最終提出論文確認結果 **Confirmation by the Main Referee that changes have been done to the satisfaction of the referees**

About several weeks after the defense, the revised version of the candidate's thesis was sent to

the committee members. They checked the new version and found that the revisions were made appropriately. The committee chair determined that the revised version adequately incorporates all the changes suggested by the committee.

4. 最終審查結果 Final recommendation

The doctoral thesis review committee recommends that GRIPS award the degree of Ph.D. in International Economics to Mr. Vu Thanh Trung.