

Julio Gálvez

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Education

PhD in Economics, CEMFI, June 2018 (expected).

Thesis Committee: Manuel Arellano, Javier Mencía, Enrique Sentana

Leave of absence (for medical reasons): March to September 2016.

Visiting PhD Student, LSE Department of Finance, Fall 2015.

MPhil in Economics and Finance, CEMFI, 2013.

BSc in Business Economics, University of the Philippines, 2010.

Fields of Interest

Primary Fields: Financial Economics, Econometrics

Secondary Field: Macroeconomics

Research

Working Papers

Household portfolio choices and nonlinear income risk (Job Market Paper)

Best PhD Student Paper Prize, 2017 CEPR European Conference in Household Finance, Sardinia

Abstract: Recent evidence on earnings dynamics shows that the income risk that households face is highly nonlinear. This paper empirically examines the role of uninsurable, asymmetric earnings risk on household portfolio decisions over the life cycle. I motivate the analysis by studying the implications of nonlinear earnings dynamics in a portfolio choice model with participation costs. I then develop a flexible semi-structural framework to empirically quantify the transmission of persistent, time-varying income shocks to household stock market participation and portfolio choice decisions. Portfolio and participation rules are modelled as age-dependent functions of the latent earnings components, wealth, and unobserved taste or cost shifters. I provide conditions that guarantee nonparametric identification, and propose a tractable, simulation-based estimation algorithm. Using recent waves of PSID data, I find that variations in income uncertainty drive heterogeneous extensive and intensive margin responses to an income shock across households. My results underscore the importance of past earnings histories and the size and durability of current income shocks as drivers for household stock market participation and portfolio choices, and suggest the presence of per-period participation costs.

Distributional linkages between European sovereign bond and bank asset returns, with Javier Mencía

Abstract: We analyse the dependence between sovereign bonds' and banks' asset return distributions with a large panel of European data from 2001 to 2013. Using quantile regressions, we identify non-linear contemporaneous and lagged dependence. As a result, shocks to crisis-hit sovereign bonds have

contemporaneous effects on the whole distribution of banks' returns, as well as a persistent impact in the tails. Our results offer relevant insights about the relationship between banking and sovereign crises. In particular, during the recent financial crisis, banks' asset return distributions have lower means and fatter tails than in the absence of a simultaneous sovereign crisis.

Market neutral hedge funds and asset markets: tail or state dependence?, with Julio A. Crego

Abstract: We reconcile opposing evidence found in previous literature about the tail neutrality of market-neutral hedge funds (MNHFs) using US data from 2003 to 2013. We estimate a regime-switching copula model to show the existence of a regime switching factor that affects the distributions of both MNHF returns and the market index. The existence of this factor results in non-linear dependence that can be confounded with tail dependence. We also provide evidence of positive (negative) linear correlation between the market index and MNHFs during bull (bear) periods that coincide with the US business cycle. We show with simulated data from our model that sample tail-based tests do not reject the tail dependence hypothesis, even if the tail dependence parameter is set to zero.

Scholarships and Awards

Fundacion Ramon Areces Travel Grant, Symposium of the Spanish Economic Association 2017

Spanish Ministry of Economics and Competitiveness Pre-Doctoral Grant, 2014 – present.

CEMFI PhD Scholarship, 2013–2014.

CEMFI MPhil Scholarship, 2011–2013.

G.P. Sicat Undergraduate Thesis Prize in Economics (Second Place), University of the Philippines, 2010.

Conference and External Seminar Presentations

2017: Symposium of the Spanish Economic Association (Barcelona, scheduled); European Winter Meeting of the Econometric Society (Barcelona, scheduled); RIDGE Workshop on Financial Stability (Montevideo); Canadian Econometrics Study Group (Toronto); CEPR European Conference in Household Finance (Sardinia)

2016: CEMFI/Carlos III Macroeconomics PhD Workshop

2015: LSE Finance PhD Seminar; Society for Financial Econometrics (Aarhus); Nordic Econometric Meeting (Helsinki)

2014: Symposium of the Spanish Economic Association (Palma de Mallorca); Foro de Finanzas (Zaragoza)

Discussion

'Portfolio choice with house value misperception' by Stefano Corradin, Jose L. Fillat, and Carles Vergara-Alert, MadBar Workshop in Banking and Corporate Finance, UPF, September 2017.

Teaching Experience

CEMFI, Teaching Assistant to Enrique Sentana, Time Series Econometrics (graduate level), Spring 2017.

Research Experience

CEMFI, Research Assistant for Dante Amengual and Enrique Sentana, Summer 2012, 2014–present.

CEMFI, Research Assistant for David Dorn, 2013–2014.

Health Policy Development Program, University of the Philippines, Research Assistant, 2010–2011.

Other Information

Languages: Filipino (mother tongue), English (native), Spanish (advanced)

Filipino Citizen.

References

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