

CURRICULUM VITAE - PATRICK AUGUSTIN

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Current Appointment

2013/09-present *McGill University-Desautels Faculty of Management*, Assistant Professor of Finance

Degrees and Education

2008/09-present *Ph.D. in Finance*, Stockholm School of Economics (expected graduation date: September 2013)
2007/09 *Executive Program in Banking and Finance*, New York University, Stern School of Business
2006/01-2007/12 *M.Sc. in Banking and Finance - part-time*, Luxembourg School of Finance
2003/09-2004/07 *Master in Economics, Money and Finance*, University Louis Pasteur, Strasbourg
2002/09-2003/07 *Bachelor in Economics, Money and Finance*, University Louis Pasteur, Strasbourg
2000/09-2002/07 *DEUG in Economics and Management*, University Louis Pasteur, Strasbourg
1993/09-2000/07 *Secondary Education Leaving Diploma*, Lycée Classique de Diekirch
A Level, Subject Area: Latin • Economics • Mathematics

Academic Visits

2011-09-2012-06 *Visiting Scholar*, New York University, Stern School of Business, New York
2002/09-2003/06 *Visiting Student*, Concordia University, Montreal

Research Interests

Empirical Asset Pricing, International Finance, Sovereign Credit Risk, Corporate Bond Liquidity, Credit derivatives, OTC Markets.

Research

The Term Structure of CDS Spreads and Sovereign Credit Risk (WFA 2013 Paper)

I study the term structure of credit default swap spreads to understand how global and country-specific risk factors explain time variation in sovereign credit risk. The shape of the term structure conveys significant information about the relative importance of global and domestic risk. Global shocks determine spread changes when the slope is positive. Nonetheless, a negative slope indicates that domestic shocks are relatively more important. To draw these conclusions, I develop a recursive preference-based model with long-run risk for credit default swaps. The underlying default process, which modulates expectations about future default probabilities, depends both on global macroeconomic uncertainty and country-specific risk. Their dynamics and investor preferences jointly explain time variation in the term structure. I evaluate the model using a panel of 44 countries. Country-specific fundamentals explain relatively more spread variation than global factors as countries become more distressed. The number of months the term structure is inverted proxies for the duration of distress. Overall, the results suggest that both sources of risk are important. They simply matter in different times.

Sovereign Credit Risk and Real Economic Shocks (Econometric Society 2012 and EEA 2012 Paper) joint with Roméo Tédongap.

We provide new empirical evidence that unspanned global macroeconomic risk bears some responsibility for the strong co-movement in sovereign spreads. To rationalize these findings, we embed a reduced-form default process into an equilibrium model with downside risk for CDS spreads. Countries differ through their sensitivity to global macroeconomic forecasts and uncertainty. Exploiting the high-frequency information in the CDS term structure across 38 countries, we estimate the model and find parameters consistent with preference for early resolution of uncertainty. Our results confirm the existence of time-varying risk premia in sovereign spreads as a compensation for exposure to common U.S. business cycle risk.

Sovereign Credit Default Swap Premia (NYU Stern School of Business Working Paper EC-12-10)

This paper provides a comprehensive overview of the young, but rapidly growing literature on sovereign credit default swap premia. It describes key statistical and stylized facts about prices, the market, its players and related trading activities and attempts to raise some thought-provoking questions. We thereby hope to serve as a useful starting point for anyone interested in the topic, with insights for academics, policymakers and practitioners alike.

Squeezed everywhere: Can we learn something new from the CDS-Bond Basis?

I disentangle asset-specific, market-wide and funding liquidity in the CDS-Bond basis outside and during the 07/09 financial crisis, stressing the importance of separating different types of liquidity. While asset-specific liquidity is cross-correlated in both the cash and derivative market, funding and market liquidity matter only for the former. Using different types of liquidity, I test several theoretical predictions of limits-to-arbitrage. I find strong evidence in favor of margin-based asset pricing and flight-to-quality effects. In addition, both asset-specific and funding liquidity are mutually reinforcing with market-wide liquidity, while there is little commonality between firm-specific and funding liquidity.

Work in Progress

Sovereign CDS and Trading Intensity in OTC Markets

joint with Marti G. Subrahmanyam and Dragon Tang.

Explaining the Failure of the Expectations Hypothesis with Disappointment Aversion

joint with Roméo Tédongap.

Sovereign Credit Risk: When does what matter?

joint with Roméo Tédongap.

The Real Effects of Sovereign Credit Risk: Evidence from the European Sovereign Debt Crisis

joint with Hamid Boustanifar, Johannes Breckenfelder and Jan Schnitzler.

Teaching Experience

Lecturer, FINE 448 Financial Derivatives

McGill University, scheduled for Fall 2013.

Visiting Lecturer, PhD403 Empirical Asset Pricing.

Stockholm School of Economics.

Workshop on Credit Default Swaps, Spring 2011.

Teaching Assistant, MSc.Risk Management.

Stockholm School of Economics, Spring 2013.

Teaching Assistant, MSc.4304 Econometric Modeling of Asset Prices.

Stockholm School of Economics, Spring 2011.

Teaching Assistant, BSc. 641 Fundamentals of Finance - Derivatives.

Stockholm School of Economics, Fall 2009 and 2010.

Lecturer, The Basics of Derivatives.

Luxembourg Banking Training Institute (IFBL), Autumn 2008.

Tutor, Mathematics.

Lyce Classique de Diekirch, 1998-2004.

Non-Academic Positions (Selected)

2007/07-2008/07 *Structured Credit Officer*, Dexia BIL Treasury and Financial Markets

2005/10-2007/06 *Project Manager*, Dexia BIL Retail and Corporate Banking

2004/11-2005/08 *Attaché*, Luxembourg Ministry of Foreign Affairs

Attaché to the Luxembourg embassy in Denmark, Finland, Norway and Sweden

Professional Qualifications

- Financial Risk Manager - Certified by the Global Association of Risk Professionals
- State-approved Insurance broker
- Successful candidate to the state-approved exam for civil servants in Luxembourg

Presentations

2013 (including scheduled): Western Finance Association, Lake Tahoe; Financial Management Association, Luxembourg (June); Marie Curie ITN Conference on Financial Risk Management and Risk Reporting, Konstanz (April); University of Amsterdam; HEC Paris; University of Hong Kong (February); University of Toronto Scarborough/Rotman School of Management; Federal Reserve Board of Governors, Washington; University of Virginia McIntire School of Commerce; Charlottesville; McGill University, Montreal; Bocconi University, Milan; European Central Bank, Frankfurt; Bank of France, Paris; Nova School of Business and Economics, Lisbon; Warwick Business School (January).

2012: LUISS Guido Carli, Rome; Institute for International Economic Studies, Stockholm (December); Stockholm School of Economics Brownbag Seminar; Luxembourg School of Finance; Swedish House of Finance National PhD Workshop in Finance (October); EEA/ESEM Congress Malaga (September); Arne Ryde Workshop in Financial Economics, University of Lund (April).

2011: New York University, Stern Macro-Finance Workshop; Stockholm School of Economics Brownbag Seminar

(December); Federal Reserve Bank of New York; New York University, Stern Finance PhD Seminar (November); International Risk Management Conference 2011, Free University of Amsterdam (June); Nordic Finance Network Research Workshop in Finance, Aalto School of Economics (May); London School of Economics Alternative Investments Research Conference (March).

2010: Stockholm School of Economics Brownbag Seminar (December); Stockholm School of Economics Financial Crisis Workshop (April).

Paper Discussions

- Do Investors Believe in Euro-area Bank Interventions? An Options-based Risk Approach, by Mary Tian and Juan Londono, IFSID & Bank of Canada Second Conference on Derivatives: Tail Risk, 19 September 2013 (scheduled).
- Dependence Structure between CDS and Equity Markets, by F.Fei, A-M. Fuertes and E.Kalotychou, FMA European Conference Luxembourg, 12-14 June 2013.
- CDS Spreads and Systemic Risk - A Spatial Econometric Approach, by S.Keiler and A.Eder, ITN Marie Curie Financial Risk Management and Risk Reporting Conference in Konstanz, 11-12 April 2013.
- Sovereign Risk Premia, by N.Borri and A.Verdelhan, Conference on Sovereign Debt and Default at the Swedish Riksbank, 20-21 September 2012.

Scholarships and Grants

2012: Luxembourg Central Bank Visiting Scholar Grant; Siamon Foundation Scholarship for Conference Participation; Bankforskningensinstitutet PhD Scholarship; American Finance Association 2012 Travel Grant.

2011: Jan Wallander and Tom Hedelius Foundation Grant; Nasdaq OMX Nordic Foundation Research Grant; Fraenckel Scholarship for Research Travel; Liljevalch Scholarship for Conference Participation.

2010: Nordic Finance Network Travel Grant; Fraenckel Scholarship for Research Travel.

2009: Luxembourg National Research Fund Grant for studies abroad.

2008: PhD Research Grant from the Luxembourg National Research Fund (4-year Grant, accepted until October 2011).

2002: CREPUQ Exchange Scholarship.

Merits and Awards

2013: 2013 SAC Capital Ph.D. Candidate Award for Outstanding Research.

2003: Participation in the EHF Challenge CUP against Polis Academy Ankara.

2001: Recruitment in the Senior (2001) and Junior (1997-2000) National Team in Team Handball.

2000: Secondary Education Leaving Diploma: Special Awards in English, German, Political Economics and Business Economics.

1999: Advanced First Price Certificate in Saxophone.

1998: Participation in the ISF World Championships for Volleyball in Athens; Recruitment in the Orchestre d'Harmonie de l'Association des Ecoles du Grand-Duché de Luxembourg.

1995: Third Degree Certificate in Piano; 5th year Formation Musicale en Moyen spécialisé.

Summer Schools and Short Term Studies

2013: Empirical Option Pricing, Swedish House of Finance, with M.Chernov (May).

2011: DSF Summer School in Dysfunctional Finance, Duisenberg School of Finance, with W.Xiong, A.Landier, B.Biais, D.Vayanos and M.Brunnermeier (June); Topics in Behavioral Finance, SSE, with Harrison Hong (May).

2010: Empirical Corporate Finance, with Professor Effi Benmelech; Credit Risk Modeling, CEMFI, with D.Lando (September); Stochastic Processes in Financial Applications, Aarhus School of Business, with D.B.Madan (January).

2009: Summer School in Banking, Barcelona Graduate School of Economics, with H.Degryse, X.Freixas, K.Moshe and S.Ongena (July).

Personal Information

Date of birth 3 March 1981

Citizenship Luxembourg

Language Skills Luxembourgish (native), English, French, German (fluent), Swedish, Italian (intermediate)

Non-academic affiliations

- Lions Clubs International - District 113 - Grand Duché de Luxembourg
- Luxembourg Students in Sweden (*Vice-President*)

Extracurricular

Sports (Team handball, snowboarding, squash, jogging and cycling), music, traveling, socializing

References

Magnus Dahlquist

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This version: 28 May 2013