2019-2020 Assistant Professor Excellence Speaker Series

Disasters: Do Investors Fear the Possibility of Another Great Depression?

Dr. Sang Byung Seo

C.T. Bauer College of Business

Wednesday, February 26, 2020
12:15 p.m. - 1:15 p.m.
M.D. Anderson Library
Room 306
(Light lunch will be served.)

The average return on the U.S. aggregate stock market is roughly 6% larger than the average return on government bills, reflecting "high risk, high return." However, quantitatively explaining this gap has been a considerable challenge in the macro-finance literature over the last few decades. Holding a well-diversified stock portfolio does not seem so risky, considering that aggregate consumption and other economic fundamentals exhibit little volatility. This is one of many puzzles that suggest that there is more than meets the eye when it comes to understanding the connection between asset prices and macroeconomic fluctuations. One potential resolution is to consider the risk of rare but severe economic downturns like the Great Depression. While rare disaster models have received ample attention due to their success in explaining various puzzles, measuring disaster risk still remains as an issue. In this talk, Dr. Seo will discuss how derivative markets can help us overcome this issue.

SPEAKER BIO: Sang Byung Seo is an Assistant Professor of Finance at the University of Houston. He received his Ph.D. in Finance from the Wharton School of the University of Pennsylvania in May 2015 and joined the Bauer College of Business in the fall thereafter. His research interests include asset pricing, credit risk, derivatives markets, and financial econometrics.

The Assistant Professor Excellence Lecture Series (APeX) is intended to showcase the breadth and depth of groundbreaking research, scholarship, and creative activity being undertaken by UH early career faculty across disciplines, as well as to offer opportunities for cross-disciplinary networking.

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