



HELLENIC REPUBLIC
National and Kapodistrian
University of Athens
DEPARTMENT OF ECONOMICS

Research Seminar Series in Economic Sciences, 2023-2024

Speaker: Walker Ray, *Assistant Professor, London School of Economics, Department of Finance Research Affiliate, Centre for Economic Policy Research (CEPR)*

Webpage: <https://sites.google.com/view/walkerdray/>



Title: "[A Preferred-Habitat Model of Term Premia, Exchange Rates, and Monetary Policy Spillovers](#)"

(with Pierre-Olivier Gourinchas and Dimitri Vayanos)

Date & Time: Wednesday, March 6th, 2024, 14:00 - 15:30

Webex Link: <https://uoa.webex.com/uoa/j.php?MTID=meb4550c5a84b27f53e7632ea8ab50f7a>

Url: https://www.econ.uoa.gr/ereynitika_seminaria_research_seminars/

Abstract:

We develop a two-country model in which currency and bond markets are populated by different investor clienteles, and segmentation is partly overcome by global arbitrageurs with limited capital. Our model accounts for the empirically documented violations of Uncovered Interest Parity (UIP) and the Expectations Hypothesis, and for how UIP violations depend on bond maturity, investment horizon, and yield curve slope differentials. Large-scale purchases of long-maturity bonds lower domestic and foreign bond yields, and depreciate the currency. Conventional monetary policy is transmitted to domestic and international bond yields as well, but its international transmission is weaker than for unconventional policy.

Organizers: Dimitris Kenourgios, *Professor*
George Dotsis, *Assoc. Professor*
Frago Kourandi, *Assist. Professor*

Thank you.



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