

Christian Julliard

Department of Economics
Princeton University
001 Fisher Hall
Princeton, NJ 08544
Email: julliard@princeton.edu
Web: www.princeton.edu/~julliard/

Office: (609)-258-0281
Fax: (609)-258-6419
Home: (609)-497-9358
Cell.: (609)-933-8790
Citizenship: Italy and France
Sex: Male

Education: Princeton University, Ph.D. Candidate, Economics
Princeton University, M.A., Economics, 2002
University of Salerno, Dottorato di Ricerca, Economics, 2003
University of Napoli "Federico II," M.A., Economics and Finance, 1999
University of Napoli "Partenope," B.A., International Economics and
Business, *summa cum laude*, 1998

General Examination for the Ph.D.: May 2002

Primary Job Market Paper Title: "Labor Income Risk and Asset Returns"

Secondary Job Market Paper Title: "Human Capital and International Portfolio Choice"

Major Fields of Interest: Macroeconomics
International Finance
Applied Econometrics

Expected Date of Completion of the Thesis: May 2005

Principal Thesis Advisor: Professor Jonathan A. Parker

Fellowships: Princeton University Graduate Fellowship, 2000-present
Graduate School Summer Fellowship, 2001, 2002, 2003, 2004
University of Salerno Graduate Fellowship, 1999-2001
Graduate Student Excellence Award, Master in Economics and Finance,
University of Napoli "Federico II", 1999

Professional Experiences:

- Research Assistant for Professor Jonathan Parker, Princeton University, 2001–current.
- Lecturer, Woodrow Wilson School of Public and International Affairs, *Advanced Macroeconomic Analysis* (graduate), Princeton University, Spring 2005.
- Teaching Assistant for Professor Christopher Sims and Professor Michael Woodford, *Macroeconomic Theory II* (core course for Economics Ph.D.), Princeton University, Spring 2004.
- Teaching Assistant for Professor Michael Woodford, *Macroeconomics: A Mathematical Approach*, Princeton University, Fall 2004.
- Teaching Assistant for Professor Martin Cherkas, *Money and Banking*, Princeton University, Spring 2003.

- Teaching Assistant for Professor Noah Williams, *Macroeconomics*, Princeton University, Fall 2002.
- Teaching Assistant for Professor Marco Pagano, *Finance* (core course for Economics and Finance M.A.), University of Napoli “Federico II,” Spring 2000.
- Research Assistant for Professor Tullio Jappelli, University of Salerno, 1999-2000.
- Teaching Assistant for Professor Tullio Jappelli, *Macroeconomics*, University of Salerno, Fall 1999.
- Teaching Assistant for Professor Tullio Jappelli, *Monetary Economics*, University of Salerno, Fall 1999.

Publications:

- “Consumption Risk and the Cross-Section of Expected Returns,” with Jonathan Parker, *Journal of Political Economy*, 113(1), February 2005 (forthcoming).
- “Italian Households’ Portfolio Diversification,” with Tullio Jappelli and Marco Pagano, in *XIX Rapporto sul Risparmio e sui Risparmiatori in Italia*, Andrea Beltratti ed., BNL/Centro Einaudi. October 2001.

Working Papers:

- “Labor Income Risk and Asset Returns,” mimeo, Princeton University, 2004.
- “Human Capital and International Portfolio Choice,” mimeo, Princeton University, 2004.
- “The International Diversification Puzzle is *not* Worse Than You Think,” mimeo, Princeton University, 2002.

Languages: English, French, Italian.

Referee Experience: *Review of Finance*

References:

Professor Jonathan Parker
001 Fisher Hall
Department of Economics
Princeton University
Princeton, NJ 08544
(609) 258 4847
jparker@Princeton.edu

Professor Christopher Sims
104 Fisher Hall
Department of Economics
Princeton University
Princeton, NJ 08544
(609) 258 4033
sims@Princeton.edu

Professor H el ene Rey
307 Fisher Hall
Department of Economics
Princeton University
Princeton, NJ 08544
(609) 258 6726
hrey@princeton.edu

Professor Marco Pagano
Department of Economics
University of Napoli
Via Cintia Monte S. Angelo
80126 Napoli, Italy
Tel. +39 081 675306
mrpagano@tin.it

Earliest Date for Starting a Job: Summer 2005

Abstracts of the Job Market Papers:**Labor Income Risk and Asset Returns**

This paper shows, from the consumer's budget constraint, that expected future labor income growth rates and the residuals of the cointegration relation among log consumption, log asset wealth and log current labor income (summarized by the variable *cay* of Lettau and Ludvigson (2001)), should help predict U.S. quarterly stock market returns and explain the cross-section of average returns. I find that *a)* fluctuations in expected future labor income are a strong predictor of both real stock returns and excess returns over a Treasury bill rate, *b)* when this variable is used as conditioning information for the Consumption Capital Asset Pricing Model (CCAPM), the resulting linear factor model explains a large fraction of the variation in observed average returns across the Fama and French (25) portfolios and prices correctly the small growth portfolio. The paper also finds that about one third of the variance of returns is predictable, over a horizon of one year, using expected future labor income growth rates and *cay* jointly as forecasting variables.

Human Capital and International Portfolio Choice

This paper shows that in a non-representative agent model in which households face short selling constraints and labor income risk, in the form of both uninsurable shocks and a common aggregate component, small differences in the correlation between aggregate labor income shocks and domestic and foreign stock market returns lead to a very large home bias in asset holdings. Calibrating this buffer-stock saving model to match both microeconomic and macroeconomic U.S. labor income data, I demonstrate that, consistent with the empirical literature, *a)* investors that enter the stock market will initially specialize in domestic assets, *b)* individual portfolios become more internationally diversified, adding foreign stocks one at a time, as the level of asset wealth increases, and *c)* most importantly, the implied aggregate portfolio of U.S. investors shows a large degree of home bias consistent with observed levels.