# JASMINA HASANHODZIC

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**POSITION**

Assistant Professor of Finance, Babson College, Wellesley MA, August 2015-present

**EDUCATION**

Ph.D., Economics, Boston University, Boston MA, May 2015
Dissertation Title: *Life-Cycle Economics with Macroeconomic Shocks*
Dissertation Committee: Laurence Kotlikoff, Kenneth Judd (Hoover, Stanford), and Kent Smetters (Wharton)

Ph.D., Electrical Engineering and Computer Science (GPA: 5.0/5.0), Massachusetts Institute of Technology, Cambridge MA, January 2007

B.S., Applied Mathematics and Electrical Engineering *(Summa Cum Laude)*, Yale University, New Haven CT, May 2002

**FIELDS OF INTEREST**

Macro-Public Finance, Finance, Computational Economics

**TEACHING**

Security Valuation, Babson College, Wellesley MA, Spring 2016

**INDUSTRY POSITIONS**

Research Scientist and Vice President, AlphaSimplex Group, Cambridge MA, 2007-2011
Consultant, Credit Suisse Quantitative Equity Research, New York NY, 2007-2011
Work on the CS 130/30 Index paper, the winner of the Bernstein Fabozzi/Jacobs Levy Award for an Outstanding Article

**FELLOWSHIPS AND AWARDS**

NBER/Sloan Pre-Doctoral Fellowship on the Economics of an Aging Workforce, 2013-2015
Society for Computational Economics Paper Contest Finalist for "Borrowing Costs and the Equity Premium in Standard OLG Models," 2014
RAND Summer Institute on Aging Scholarship, 2012
Boston University Women's Guild Award, 2011
Boston University Fellowship, 2010
Sigma Xi Scientific Research Society Full Member, 2007

**PAPERS** (available on SSRN, latest drafts on my home page)

*"*Borrowing Costs and the Equity Premium in Standard OLG Models*"* (Job Market Paper #1), January 2015.

"Generational Risk—Is It a Big Deal? Simulating an 80-Period OLG Model With Aggregate Shocks" (Job Market Paper #2) (with Laurence Kotlikoff), NBER Working Paper, June 2013; revise and resubmit at the *Journal of Political Economy.*

"Valuing Government Obligations When Markets Are Incomplete" (with Laurence Kotlikoff), October 2014.
"What Do Humans Perceive in Asset Returns?" (with Andrew W. Lo and Emanuele Viola), March 2014, revise and resubmit at *Management Science*.
"Black's Leverage Effect Is Not Due to Leverage" (with Andrew W. Lo), January 2013, revise and resubmit at the *Quarterly Journal of Finance.*
"A Computational View of Market Efficiency" (with Andrew W. Lo and Emanuele Viola), *Quantitative Finance*, (2011) 7: 1043-1050.
"Can Hedge-Fund Returns Be Replicated?: The Linear Case" (with Andrew W. Lo), *Journal of Investment Management*, (2007) 2: 5-45.

**WORK IN PROGRESS**

"How Much Debt Is Too Much Debt?"
"Optimal Government Debt in an OLG Model with Aggregate and Idiosyncratic Risk" (with Kent Smetters)

**BOOKS**

"A Quantitative Approach to Technical Analysis" (with Andrew W. Lo), Wiley, forthcoming.
"The Evolution of Technical Analysis: Financial Prediction from Babylonian Tablets to Bloomberg Terminals" (with Andrew W. Lo), Wiley, 2010.
Translated into German, Norwegian translation forthcoming
"The Heretics of Finance: Conversations with Leading Practitioners of Technical Analysis" (with Andrew W. Lo), Bloomberg Press, 2009.

**RECENT PRESENTATIONS**

2015: Kellogg School of Management, Brown University, USC Marshall School of Business, UC Davis, Rutgers, Babson College, Tufts University, Bentley University, Northeastern University, San Francisco Fed
2014: NBER Summer Institute, Society for Economic Dynamics Meeting, Econometric Society North American Summer Meeting, American Economic Association Annual Meeting, Stanford Institute for Theoretical Economics Summer Workshop
2013: Yale School of Management, Hoover Institution

In addition, gave twenty-five invited talks and radio interviews, such as at Bloomberg and the Society of Quantitative Analysts (full list available on my home page).

**CITIZENSHIP:** United States

**REFERENCES**

| **Laurence Kotlikoff** | **Kenneth Judd** | **Kent Smetters** | **Andrew W. Lo** |
|---|---|---|---|
| Professor | Senior Fellow | Professor | Professor |
| Economics Dept. | Hoover Institution | Wharton School | MIT Sloan |
| Boston University | Stanford University | University of Pennsylvania | School |
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# JASMINA HASANHODZIC

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**Borrowing Costs and the Equity Premium in Standard OLG Models** (Job Market Paper #1)

This paper shows that soft, but rapidly rising borrowing costs, imbedded in an otherwise standard OLG model can produce a sizeable equity premium. Its model features ten periods, isoelastic preferences with modest risk aversion, Cobb-Douglas production, realistic shocks, and reasonable fiscal policy. Absent borrowing costs, the model's equity premium is extremely small. Adding the costs readily produces large equity premiums. These results contrast those of Constantinides, Donaldson, and Mehra (2002). In their model, hard borrowing constraints on the young can produce large equity premiums. Here soft, but rising borrowing costs on all generations are needed.

**Generational Risk—Is It a Big Deal? Simulating an 80-Period OLG Model With Aggregate Shocks** (Job Market Paper #2) *(with Laurence Kotlikoff)*

The theoretical literature on generational risk assumes that this risk is large and that the government can effectively share it. To assess these assumptions, this paper calibrates and simulates 80-period, 40-period, and 20-period overlapping generations life-cycle models with aggregate productivity shocks. Previous solution methods could not handle large-scale models such as ours. We employ and extend a recent algorithm by Judd, Maliar, and Maliar. We find that intrinsic generational risk is quite small and that government policies can produce generational risk. We also show that a bond market can mitigate risk-inducing government policy.

**Valuing Government Obligations When Markets Are Incomplete** *(with Laurence Kotlikoff)*

Valuing future government spending commitments and tax receipts, whether they are sure or risky, is critical to assessing the sustainability of fiscal policy. But how one should value these potentially state-contingent flows or, equivalently, discount their expected values is subject to much debate. We posit and simulate a ten-period overlapping generations model and use it to do fiscal gap accounting under uncertainty. Specifically, we determine what immediate payments current and future generations would require in order to forego promised government net payments. We find that discount rates for policies involving payments each period to the elderly aren't uniform over time or agents of different cohorts. They also depend on the size of the payments, the riskiness of the policy, and attendant general equilibrium effects. For government obligations that don't entail implicit promises of a new general equilibrium, the proper rates for discounting promises of safe long-term future payments are remarkably close to the economy's prevailing short-term safe rate of return.

November 2015