

Martin Sola

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Universidad Torcuato Di Tella
Buenos Aires, Argentina
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Academic Qualifications

- Ph.D. Economics, 1991, University of Southampton
- M.Sc. Economics and Econometrics, 1988, University of Southampton
- M.Sc. Economics, 1985, C.E.M.A. (Centro de Estudios Macroeconomicos de la Argentina), Buenos Aires, Argentina.
- B.Sc. Economist 1986, Universidad de la Republica O. del Uruguay

Fields of Specialisation

Econometrics, Finance, Macroeconomics, Open Macroeconomics.

Current Position

Profesor Plenario, Departamento de Economia, Universidad Torcuato Di Tella, Buenos Aires, Argentina, August 1997- present.

Previous Positions

Birkbeck College, University of London:

Professor in Economics (part-time), Department of Economics, Birkbeck, University of London, October 2001 – September 2016

Reader in Financial Economics, October 1998 - September 2001 (part-time);

Senior Lecturer in Financial Economics, October 1997 - September 1998;

Lecturer in Financial Economics, October 1993 - September 1997.

Centre for Economic Forecasting, London Business School:

Post-Doctoral Research Fellow, 1992 - 1993.

University of Southampton, Department of Economics:

Temporary Lecturer, 1991 - 1992 (full-time), 1990 - 1991 (part-time); Research/Teaching Assistant, 1989 - 1990.

Other Experience

-Banco de España Visiting Professor September-November 2015.

- Instituto de Analisis Economico, Barcelona Visiting Professor, February - April 2010.*
- Federal Reserve Bank of St. Louis, Visiting Scholar, January - April 2005*
April – June 2004, January - June 2003.
- Universidad de Montevideo, Visiting Professor 2004-present.*
- Centre for Economic Forecasting, London Business School, Visiting Research Fellow, 1993 - 1997*
- Universidad Torcuato Di-Tella, Visiting Lecturer, Oct-Nov 1996*
- CEIPOS, Montevideo, Uruguay, Visiting Lecturer, April 1991 and June 1993*

Publications in Refereed Journals

1. "Maximum Likelihood Estimation in Markov Regime-Switching Models with Covariate-Dependent Transition Probabilities" with D. Pouzo and Z. Psaradakis, forthcoming, *Econometrica*.
2. "Markov-Switching Models with State-Dependent Time-Varying Transition Probabilities" Z. Psaradakis in press (2021) *Econometrics and Statistics*.
<https://doi.org/10.1016/j.ecosta.2021.04.007>
3. "Bond risk premia and the return forecasting factor" with A. Gutierrez and C. Hevia. (2020), Vol 24 Issue1, *Studies in Nonlinear Dynamics and Econometrics*.
4. "Risk premia and seasonality in commodity future " with C. Hevia and I. Petrella. *Journal of Applied Econometrics* (2018) , vol. 33(6), pages 853-873, September.
5. "Bond Risk Premia and Restrictions on Risk Prices" with C. Hevia. *Journal of Risk and Financial Management* (2018), vol. 11(4), pages 1-22.
6. "Estimating and Forecasting the Yield Curve Using a Markov Switching Dynamic Nelson and Siegel Model" with C. Hevia, M.G. Rozada and F. Spagnolo. *Journal of Applied Econometrics* (2015) Volume 30 issue 6 pages 987- 1009.
7. "Towards a "New" Inflation Targeting Framework: The Case of Uruguay," with Martín Gonzalez-Rozada and Matías Escudero, *Journal of Lacea Economia*, (2014)
8. "Real Options With Priced Regime-Switching Risk," with John Driffill & Turalay Kenc., [International Journal of Theoretical and Applied Finance](#), 2013, World Scientific Publishing Co. Pte. Ltd., vol. 16(05), pages 1350028-1-1.
9. "State -Dependent Threshold STAR Models" with M. Dueker, Z. Psaradakis and F. Spagnolo, (2013) *Oxford Bulletin of Economics and Statistics*. Pages 835- 854.
10. "Multivariate Contemporaneous-Threshold Autoregressive Models" with M. Dueker, Z. Psaradakis and F. Spagnolo, *Journal of Econometrics* (2011) 160 (2), pages. 311-325.
11. "Contemporaneous-Threshold Smooth Transition GARCH Models" with M. Dueker, Z. Psaradakis and F. Spagnolo, *Studies in Nonlinear Dynamics and Econometrics*. 15, 2, Article 1.
12. "Selecting Nonlinear Time Series Models Using Information Criteria" with Z. Psaradakis, F. Spagnolo and N. Spagnolo, *Journal of Time Series Analysis*, 2009 vol. 30(4), pages 369-394, 07..

13. "The Effects of Different Parameterizations of Markov-Switching in a CIR Model of Bond Pricing" with J. Driffill, T Kenc and F. Spagnolo, *Studies in Nonlinear Dynamics and Econometrics*, 2009 vol. 13(1), pages 1490-1490. .
14. "Contemporaneous Threshold Autoregressive Models: Estimation, Testing and Forecasting" with M. Dueker and F. Spagnolo, *Journal of Econometrics*, 2007, 141, 2, 517-547.
15. "Predicting Markov Volatility Switches Using Monetary Policy Variables" , with F. Spagnolo and N. Spagnolo, *Economics Letters*, 2007, 95, 1, 110-116.
16. "Target Zones for Exchange Rates and Policy Changes", with J. Driffill, *Journal of International Money and Finance*, 2006, 25, 6, 912- 931.
17. "Instrumental-Variables Estimation in Markov Switching Models with Endogenous Explanatory Variables: An Application to the Term Structure of Interest Rates" with Z. Psaradakis and F. Spagnolo, *Studies in Nonlinear Dynamics and Econometrics*. 2006: Vol.10: No. 2, Article 1. <http://www.bepress.com/snede/vol10/iss2/art1> .
18. "Markov-Switching Causality and the Money-Output Relationship", with Z. Psaradakis and M. Ravn, *Journal of Applied Econometrics*, 20, 2005, 5, 665-683.
19. "Testing the Unbiased Forward Exchange Rate Hypothesis Using a Markov Switching Model and Instrumental Variables" with Z. Psaradakis and F. Spagnolo, *Journal of Applied Econometrics*, 20, 2005, 3, 423-437.
20. "Red Signals: Current Account Deficits and Sustainability" with M. Raybaudi and F. Spagnolo, *Economics Letters*, 2004, 84, 217-223.
21. "On Markov Error-correction Models, with an Application to Stock Prices and Dividends" with Z. Psaradakis and F. Spagnolo, *Journal of Applied Econometrics*, 19, 2004, 1, 69-88.
22. "On the Autocorrelation Properties of Long-Memory GARCH Processes" with M. Karanasos and Z. Psaradakis, *Journal of Time Series Analysis*, 25, 2004, 2, 265-282.
23. "On Detrending and Cyclical Asymmetry", with Z. Psaradakis, *Journal of Applied Econometrics* 18, 2003, 271-289.
24. "Target Zones and Economic Fundamentals", with M. Tronzano and Z. Psaradakis, *Economic Modelling* 20, 2003, 791-807.
25. "Investment Under Uncertainty with Stochastically Switching Profit Streams: Entry, Exit and the Business Cycle", with J. Driffill and M. Raybaudi, *Studies in Nonlinear Dynamics and Econometrics* 7, 2003, Article 1 <http://bepress.com/snede/vol7/iss1/art1>.
26. "A Simple Method of Testing for Cointegration Subject to Multiple Changes in Regime", with V. Gabriel and Z. Psaradakis, *Economics Letters* 76, 2002, 213-221.
27. "A Test for Contagion", with F. Spagnolo and N. Spagnolo, *Economics Letters* 76, 2002, 77-84.
28. "A Simple Procedure for Detecting Periodically Collapsing Rational Bubbles", with Z. Psaradakis and F. Spagnolo, *Economics Letters* 72, 2001, 317-323.
29. "An Empirical Reassessment of Target-Zone Nonlinearities", with A. Garratt and Z. Psaradakis, *Journal of International Money and Finance* 20, 2001, 533-548.
30. "The Prisoner's Dilemma and Regime-Switching in the Greek-Turkish Arms Race", with R. Smith and F. Spagnolo, *Journal of Peace Research* 37, 2000, 737-750.

31. "Assessing the Credibility of a Target Zone: evidence from EMS countries", with M. Tronzano and Z. Psaradakis, *International Journal of Finance and Economics* 5, 2000, 107-120.
32. "Detecting Periodically Collapsing Bubbles: A Markov-Switching Unit Root Test", with S. Hall and Z. Psaradakis, *Journal of Applied Econometrics* 14, 1999, 141-154.
33. "Intrinsic Bubbles and Regime Switching", with J. Driffill, *Journal of Monetary Economics* 42, 1998, 357-373.
34. "Finite-Sample Properties of the Maximum Likelihood Estimator in Autoregressive Models with Markov Switching", with Z. Psaradakis, *Journal of Econometrics* 86, 1998, 369-386.
35. "On Testing the Expectations Hypothesis of the Term Structure Using Instrumental Variables", with J. Driffill and Z. Psaradakis, *International Journal of Finance and Economics* 3, 1998, 321-325.
36. "Changes in Regime and Cointegration: The Japanese Consumption Function", with S. Hall and Z. Psaradakis, *Journal of Applied Econometrics* 12, 1997, 151-168.
37. "A Reconciliation of Some Paradoxical Empirical Results on the Expectation Model of the Term Structure", with J. Driffill and Z. Psaradakis, *Oxford Bulletin of Economics and Statistics* 59, 1997, 29-42.
38. "Switching Error-Correction Models of House Prices in the United Kingdom", with S. Hall and Z. Psaradakis, *Economic Modeling* 14, 1997, 517-527.
39. "Empirical Properties of the Black Market Zloty/Dollar Exchange Rate, 1988-1990", with M. Funke and S. Hall, *International Journal of Finance and Economics*, 1997, 229-37.
40. "On the Power Tests for Superexogeneity and Structural Invariance", with Z. Psaradakis, *Journal of Econometrics* 72, 1996, 151-175.
41. "Testing for Bubbles in the German Hyperinflation", with K. Blackburn, *International Journal of Finance and Economics* 1, 1996, 303-317.
42. "Stylized Facts and Changes in Regime: Are Prices Pro-Cyclical?" with M. Ravn, *Journal of Monetary Economics* 36, 1995, 497-526.
43. "Exponential Smoothing and Spurious Autocorrelation", with K. Blackburn and F. Orduna, *Applied Economic Letters* 2, 1995, 76-79.
44. "Rational Bubbles During Poland's Hyperinflation: Implications and Empirical Evidence", with M. Funke and S. Hall, *European Economic Review* 38, 1994, 1257-1276.
45. "Testing the Term Structure of Interest Rates from a Stationary Switching Regime VAR", with J. Driffill, *Journal of Economic Dynamics and Control* 18, 1994, 601-628.
46. "Collapsing Exchange Rate Regimes: A Survey", with K. Blackburn. *Journal of Economic Surveys*, 1993, 119-144.
47. "The Use of Recursive Variance Plots: A Note", with M. Ravn, *Applied Economics*, 1993, 76-79.

Book Chapters and Other Publications

1. "A Reconsideration of the Empirical Evidence of the Asymmetric Effects of Money Supply Shocks: Positive vs. Negative or Big vs. Small", with M. Ravn, The Federal Reserve Bank of St. Louis *Review*, 2004 86, 5.
2. "Business Cycle Dynamics: Predicting Transitions with Macrovariables", with M. Ravn, in *Nonlinear Time Series Analysis of Economic and Financial Data*, Kluwer Academic Press, edited by Phillip Rothman, 1999, 231-263.
3. "Testing the Present Value Hypothesis from a Vector Autoregression with Stochastic Regime Switching", with J. Driffill, in *Nonlinear Time Series Analysis of Economic and Financial Data*, Kluwer Academic Press, edited by Phillip Rothman, 1999, 209-229.
4. "Structural Breaks and Garch Modelling", with S. Hall, in *Computational Economic Systems Models, Methods & Econometrics*, edited by M. Gilli, Advances in Computational Economics, Kluwer Academic Press, 1996.

Working Papers

"Working Papers

"Rational Bubbles: Too Many to be True?" Tomás E. Caravello (MIT), Zacharias Psaradakis (University of London), Martín Sola (UTDT)

"Maximum Likelihood Estimation in Markov Regime-Switching Models with Covariate-Dependent Transition Probabilities" Demian Pouzo (UC Berkeley), Transition Probabilities" Zacharias Psaradakis (University of London), Martín Sola (UTDT)

"Risk Aversion and Changes in Regime" Tomás E. Caravello (MIT), Turalay Kenc, (INCEIF and CERF), Martín Sola (UTDT)

"On Testing for Bubbles During Hyperinflations" with Rubens Morita, Zacharias Psaradakis and Patricio Yunis.

"The Optimal Timing of the Introduction of New Products," with Marzia Raybaudi and Shasikanta Naindebam

Some Cautionary Results Concerning Markov-Switching Models with Time-Varying Transition Probabilities, with Zacharias Psaradakis, Fabio Spagnolo and Nicola Spagnolo.

A time-varying threshold STAR model of unemployment and the natural rate, with Michael J. Dueker and Michael T. Owyang

Multivariate Markov switching with weighted regime determination: giving France more weight than Finland, with Michael J. Dueker

Other Papers

1. “Fitting the Moments: A Comparison of ARCH and Regime Switching Models for Daily Stock Returns”, with A. Timmerman, Birkbeck College Working Paper, 1993.
2. “A New Test for Speculative Bubbles: The Case of Argentina”, with K. Blackburn, London Business School CEF Working Paper, No. 4-1993.
3. “A Generalised Model of Regime Changes Applied to the US Treasury Bill Rate”, with S. Hall, London Business School CEF Working Paper No. 7-1993.
4. “Was There an ‘EMS Effect’ in the European Disinflation? ”, with K. Blackburn and A. Mongiardino, University of Southampton Working Paper 9201, 1992.

Lecturing and Supervision Experience

Universidad Torcuato Di Tella

Supervision: Supervised several Undergraduates and Master Students.

Undergraduate: 3rd Year Theory of Finance, 4th Year Open Macroeconomics

Graduate: Econometrics, Advanced Econometrics, Financial Econometrics

Birkbeck College, University of London

Supervision: several Undergraduates, Masters, and Ph.D. students

Undergraduate: 3rd Year Econometrics, 4th Year Econometrics

Graduate: Statistics, International Finance, Growth Theory, Macroeconomics, Econometrics, Financial Economics.

University of Southampton

Undergraduate: 2nd Year Macroeconomic Theory, 3rd Year Applied Macroeconomics

Graduate: Open Macroeconomics

CEIPOS, Uruguay

International trade

Universidad de Montevideo

Graduate: Econometrics, Financial Economics

Seminar Presentations

London School of Economics, University of Cambridge, University of Manchester, City Business University (Money, Macro and Finance Group seminar), University of Southampton, Birkbeck College, London Business School, European University Institute (Florence), Universidad Carlos III (Madrid), Aarhus University (Denmark), CEIPOS (Uruguay), Central Bank of Uruguay. Also presentations in Meetings of the Econometric Society, the Society of Economic Dynamics and Control and Lacea.

Refereeing and Editing

Associate Editor: *Studies in Nonlinear Dynamics and Econometrics*

Referee: *American Economic Review, Review of Economic Studies, Journal of Economic Dynamics and Control, Journal of Banking and Finance, Economica, European Economic Review, International Economic Review, Manchester School, Economic Journal, Journal of Industrial Economics, Studies in Nonlinear Dynamics and Econometrics, Review of Economics and Statistics, The Statistician, Applied Financial Economics, International Journal of Finance and Economics, Manchester School, Oxford Bulletin of Economics and Statistics, Journal of Computational Economics, Journal of Applied Econometrics, Economic Modeling, Empirical Economics* .

Scholarships, Awards, Grants and Prizes

Scholarships

University of Southampton Research Studentship 1989-1990.

Overseas Research Student Scholarship 1988-1990.

Foreign and Commonwealth Office Scholarship, administered by the British Embassy in Uruguay 1987-1989.

Awards

Distinguished author of the Journal of Applied Econometrics.

In recognition of the authors who have made significant contributions to this Journal, the Editorial Committee introduced in 1999 a scheme to honour those authors who have published the equivalent of three single-author articles by naming them *Journal of Applied Econometrics Distinguished Authors*.

Grants

Imperfect Financial Markets, Business Cycles, and Growth, ESRC 2000-2002, £176,000, with J. Driffill and R. Smith

Macroeconomics with Limited Credibility, Proyecto de Investigacion y Tecnologia Cientifica Codigo 02-03543, 1999-2001 US\$144,000, with F. Alvarez, G. Della Paolera, H. Hopenhain, P. Newmayer, J. P. Nicollini, P. Sanguinetti

Prizes

Roland Tress Prize 1996

Awarded by the Faculties of Arts, Science and Economics of Birkbeck College for high quality research.

Arrow Prize for Senior Economists 2006

Begun in 2003, the Arrow Prize for Junior and Senior Economists recognizes two papers published each year in bepress economics journals that make an outstanding contribution to economics. Each award carries an honorarium and an announcement to the Berkeley Electronic Press network of 65,000 economists.

Administrative Duties

Birkbeck College

Previous Administrative Duties

Sub-Chairman of the Board of Examiners
Finance Examining Officer, Department of Economics
Financial Economics Discussion Paper Coordinator.
MSc Finance Admissions
Enterprise Coordinator, Department of Economics.

UTDT

Head of Department, August 2004-February 2010 and March 2017- July 2021.

Other

Organized with Mark Salmon A CEPR/ESRC/IFR Network Workshop in Financial Econometrics the 19 of March 1998.
Member of the RES/SES Conference 2000/3 Programme Committee
Referee for the ESRC Research Grants Board.