Martin Sola

Department of Economics
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 Macroeconómicos 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 2004-2021.

-*Centre for Economic Forecasting, London Business School*, Visiting Research Fellow, 1993 - 1997

-*Universidad Torcuato Di-Tella*, Visiting Lecturer, Oct-Nov 1996

-*CEIPOS*, Uruguay, Visiting Lecturer, April 1991 and June 1993

Publications in Refereed Journals

1. **"Predictive Accuracy of Impulse Responses Estimated Using Local Projections and Vector Autoregressions"**, with Zacharias Psaradakis, Nicola Spagnolo and Patricio Yunis. Forthcoming *Studies on Nonlinear Dynamics and Econometrics*.

2. "Big swings in the data and perceived changes in the risk premia" with Fabio Spagnolo and Francisco Terfi, forthcoming *Studies in Nonlinear Dynamics and Econometrics*.
3. **"On the Robustness of Mixture Models in the Presence of Hidden Markov Regimes with Covariate-Dependent Transition Probabilities"** with Demian Pouzo & Zacharias Psaradakis, forthcoming in *Econometric Theory*.
4. The Role of Consumer Sentiment in the Stock Market: A Multivariate Dynamic Mixture Model with Threshold Effects" (2025) with Zacharias Psaradakis, Francisco Rapetti and Patricio Yunis, Oxford Bulletin of Economics and Statistics, Department of Economics, University of Oxford, vol. 87(6), pages 1146-1157, December.

5. "**On the sources of the aggregate risk premium: Risk aversion, bubbles or regime-switching?**" *Journal of Economic Dynamics and Control* (2024) with T. Caravello, E. J. Driffill and & T. Kenc, Elsevier, vol.166(C).
6. "Markov-Switching Models with State-Dependent Time-Varying Transition Probabilities" Z. Psaradakis, *Econometrics and Statistics* (2024), Elsevier, vol. 29(C), pages 49-63.
7. "On testing for bubbles during hyperinflations" with R. Morita, Z. Psaradakis and P. Yunis, *Studies in Nonlinear Dynamics and Econometrics* (2024), De Gruyter, vol. 28(1), pages 25-37, February.
8. "A Time-Varying Threshold STAR Model with Applications" (2023), with M. Dueker, M. Owyang and J. Young, *Oxford Open Economics*, Oxford University Press, vol. 2, pages 63-98.
9. "Rational Bubbles: Too Many to be True?" with T. Caravello and Z. Psaradakis, *Journal of Economic Dynamics and Control* (2023), Elsevier, vol. 151(C).

10. "Optimal Investment in Interrelated Projects" with S. Naindebam and M. Raybaudi, International Journal of Theoretical and Applied Finance (IJTAF), (2022) World Scientific Publishing Co. Pte. Ltd., vol. 25(07n08), pages 1-25, November
11. "Maximum Likelihood Estimation in Markov Regime-Switching Models with Covariate-Dependent Transition Probabilities" with D. Pouzo and Z. Psaradakis, *Econometrica* (2022), Volume 90, Issue 4, pages 1681-1710.
12. "Bond risk premia and the return forecasting factor" with A. Gutierrez and C. Hevia. (2020), Vol. 24, Issue 1, *Studies in Nonlinear Dynamics and Econometrics.*
13. "Risk premia and seasonality in commodity futures " with C. Hevia and I. Petrella. *Journal of Applied Econometrics* (2018), vol. 33(6), pages 853-873, September.
14. "Bond Risk Premia and Restrictions on Risk Prices" with C. Hevia. *Journal of Risk and Financial Management* (2018), vol. 11(4), pages 1-22.
15. "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.
16. "Towards a New Inflation Targeting Framework: The Case of Uruguay," with Martín Gonzalez-Rozada and Matías Escudero, *Journal of Lacea Economia*, (2014)
17. "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.
18. "State-Dependent Threshold STAR Models" with M. Dueker, Z. Psaradakis and F. Spagnolo, (2013) Oxford Bulletin of Economics and Statistics. Pages 835- 854.
19. "Multivariate Contemporaneous-Threshold Autoregressive Models" with M. Dueker, Z. Psaradakis and F. Spagnolo, *Journal of Econometrics* (2011) 160 (2), pages. 311-325.
20. "Contemporaneous-Threshold Smooth Transition GARCH Models" with M. Dueker, Z. Psaradakis and F. Spagnolo, *Studies in Nonlinear Dynamics and Econometrics.* 15, 2, Article 1.
21. "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.
22. "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.
23. "Contemporaneous Threshold Autoregressive Models: Estimation, Testing and Forecasting" with M. Dueker and F. Spagnolo, *Journal of Econometrics*, 2007, 141, 2, 517-547.
24. "Predicting Markov Volatility Switches Using Monetary Policy Variables", with F. Spagnolo and N. Spagnolo, *Economics Letters,* 2007, 95, 1, 110-116.
25. "Target Zones for Exchange Rates and Policy Changes", with J. Driffill, *Journal of International Money and Finance,* 2006, 25, 6, 912- 931.
26. "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/snde/vol10/iss2/art1.

27. "Markov-Switching Causality and the Money-Output Relationship", with Z. Psaradakis and M. Ravn, *Journal of Applied Econometrics*, 20, 2005, 5, 665-683. ."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**.**
28. "Red Signals: Current Account Deficits and Sustainability" with M. Raybaudi and F. Spagnolo, *Economics Letters,* 2004, 84, 217-223.
29. "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.
30. "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.
31. "On Detrending and Cyclical Asymmetry", with Z. Psaradakis, *Journal of Applied Econometrics* 18, 2003, 271-289*.*
32. "Target Zones and Economic Fundamentals", with M. Tronzano and Z. Psaradakis, *Economic Modelling* 20, 2003, 791-807*.*
33. "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/snde/vol7/iss1/art1.
34. "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.
35. "A Test for Contagion", with F. Spagnolo and N. Spagnolo, *Economics Letters* 76, 2002, 77-84.
36. "A Simple Procedure for Detecting Periodically Collapsing Rational Bubbles", with Z. Psaradakis and F. Spagnolo, *Economics Letters* 72, 2001, 317-323.
37. "An Empirical Reassessment of Target-Zone Nonlinearities", with A. Garratt and Z. Psaradakis, *Journal of International Money and Finance* 20, 2001, 533-548.
38. "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.
39. "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.
40. "Detecting Periodically Collapsing Bubbles: A Markov-Switching Unit Root Test", with S. Hall and Z. Psaradakis, *Journal of Applied Econometrics* 14, 1999, 141-154.
41. "Intrinsic Bubbles and Regime Switching", with J. Driffill, *Journal of Monetary Economics* 42, 1998, 357-373.
42. "Finite-Sample Properties of the Maximum Likelihood Estimator in Autoregressive Models with Markov Switching", with Z. Psaradakis, *Journal of Econometrics* 86*,* 1998, 369-386.

43. "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.
44. "Changes in Regime and Cointegration: The Japanese Consumption Function", with S. Hall and Z. Psaradakis, *Journal of Applied Econometrics* 12, 1997, 151-168.
45. "A Reconcillation 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.
46. "Switching Error-Correction Models of House Prices in the United Kingdom", with S. Hall and Z. Psaradakis, Economic Modelling 14, 1997, 517-527.
47. "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.
48. "On the Power Tests for Superexogeneity and Structural Invariance", with Z. Psaradakis, *Journal of Econometrics* 72, 1996, 151-175.
49. "Testing for Bubbles in the German Hyperinflation", with K. Blackburn, *International Journal of Finance and Economics* 1, 1996, 303-317.
50. "Stylized Facts and Changes in Regime: Are Prices Pro-Cyclical?" with M. Ravn, *Journal of Monetary Economics* 36, 1995, 497-526.
51. "Exponential Smoothing and Spurious Autocorrelation", with K. Blackburn and F. Orduna, *Applied Economic Letters* 2, 1995, 76-79.
52. "Rational Bubbles During Poland's Hyperinflation: Implications and Empirical Evidence", with M. Funke and S. Hall, *European Economic Review* 38, 1994, 1257-1276.
53. "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.
54. "Collapsing Exchange Rate Regimes: A Survey", with K. Blackburn. *Journal of Economic Surveys*, 1993, 119-144.
55. "The Use of Recursive Variance Plots: A Note", with M. Ravn, *Applied Economics*, 1993, 76-79.

Resubmissions

1. **"On Regime Separation in Markov-Switching Quantile Regressions"** with Gabriel Montes-Rojas and Zacharias Psaradakis: resubmitted to Economic Letters

2. "Bond risk premia, regime shifts, and the macroeconomy" with Constantino Hevia and Ivan Petrella, Resubmission requested by the Journal of Financial Econometrics.

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

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

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, master's, 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), University of Messina, Universidad Carlos III (Madrid), Aarhus University (Denmark), CEIPOS (Uruguay), Central Bank of Uruguay. Additionally, presentations at 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.

Recognising the authors who have made significant contributions to this Journal, the Editorial Committee introduced in 1999 a scheme to honour those 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. Hopenhein, 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 recognises two papers published each year in Berkeley Electronic Press economics journals that make an outstanding contribution to economics. Each award carries an honorarium and is announced 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

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