Chenjie Xu

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Education

Hong Kong University of Science and Technology 2013-19

Ph.D., Finance, *Expected:* Summer 2019.

Thesis Topic: *Idiosyncratic Tail Risk and the Credit Spread Puzzle*.

Advisors: Kai, Li and Chu, Zhang.

Peking University 2007-13

M.S., Finance, Jul 2013.

B.S., Economics, Jul 2011.

B.S., Mathematics, Jul 2011.

Research Interests

Macro-Finance, Empirical Asset Pricing.

Working Papers

Idiosyncratic Tail Risk and the Credit Spread Puzzle. (Job Market Paper)

Presented at: RES PhD Meeting 2018 (scheduled), HKUST 2018, HKUST Finance Symposium Poster Session 2017.

Abstract: This paper studies the asset pricing implications of idiosyncratic labor income tail risk on credit spread. I propose a model featuring an incomplete market, heterogeneous households with recursive preference, and comovement of tail risk in labor income and firm cash flow growth. The model produces strong covariation of households' marginal utility and default rates, which helps to explain the stylized fact that the credit spread (1) is on average large and (2) is positively related to labor tail risk. Quantitatively, the tail risk premium can account for as much as 68% of the observed credit spread. My framework provides a new insight, drawn from an option perspective, that the implications of idiosyncratic tail risk for stocks and bonds can be very different.

Learning and the Capital Age Premium. (with Kai Li and Chi-Yang Tsou)

Presented at: Econometric Society Winter Meeting 2018 (scheduled), AFA Poster Session 2019 (scheduled), 2019 MFA Conference (scheduled), HKUST 2018.*

Abstract: This paper studies the implications of parameter learning on the cross-section of stock returns. We propose a production-based general equilibrium model to study the link between capital age, timing of cash flows and expected returns in the cross-section of stocks. Our model features slow learning about firms' exposure to aggregate productivity shocks over time. Firms with old capital are assumed to have more information about their exposure than firms with young capital. Our framework provides a unified explanation of the following stylized empirical facts: old capital firms (1) have higher capital allocation efficiency; (2) are more exposed to aggregate productivity shocks and hence earn higher expected returns, which we call it the capital age premium; (3) have shorter cash-flow duration, as compared with young capital firms.

Work in Progress

Regime Shifts in a Long-run Risks Model of U.S. Stock and Treasury Bonds Market. (with Kai Li)

Asset Composition, Stochastic Volatility and Cross-sectional Stock Returns. (with Zhiyao Chen, Jun Li and Kai Li)

A Quantitative Asset Pricing Model with Financial Panics. (with Kai Li)

Teaching Experience

- T.A., Fundamentals of Business Finance, UG course, 2017 Fall.
- Guest Instructor, Theoretical Asset Pricing, PhD course, 2017 Spring.
- T.A., Fixed Income Analysis, MSc in Investment Management, 2015 Fall.
- T.A., Derivative Analysis, MSc in Investment Management, 2014 Fall.
- T.A., International Finance, UG course, 2014 - 2015 Spring.

Working Experience

China Investment Corporation Dec.2012-Jun.2013

Intern, Asset Allocation Division: Quantitative Research.

Generali China Jun.2012-Aug.2012

Intern, Asset Management Division: Risk Management.

National Development and Reform Commission Mar.2011-Sept.2011

Intern, Institute of Energy Economics: Carbon Emissions Trajectory, DSGE Research.

Honors & Awards

- Dean's PhD Fellowship for Research Excellence. 2017-18
- HKUST Research Travel Grant. 2018
- AFA Student Travel Grant. 2017
- HKUST Postgraduate Studentship. 2013-18
- HSBC Scholarship. 2010
- May 4th Youth Scholarship. 2008

Other Information

Software: Python, Matlab, Latex, C, Sas, Stata.

Languages: Mandarin (Native), English (Fluent).

Skills: CFA 3 passed, Machine Learning.

References

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Professor
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Prof. Hengjie Ai
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Prof. Yan Ji
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