

2018 (Jun) PhD Workshop

Department of Accountancy and Finance, Otago Business School

11:00am-2:00pm, 11 June 2018 (Mon), Commerce Boardroom 2.19/2.20

Initiator: Prof. Jin Zhang

Facilitator: Dr. Helen Roberts

Organizer: Wei Guo and Tian Yue

The workshop is initiated by Professor Jin Zhang to stimulate our research progress and communication. It is a perfect time for us to know each other's research interest. A lunch will be provided by our lovely colleagues after the presentations.

There are 10 PhD students (4 Accounting and 6 Finance) in our department.

A List of Current PhD Students

No.	Name	Starting date	Primary supervisor	Co-supervisors	Study degree
1	Jelita Noviarini	1 March 2016	Helen Roberts	Andrew Coleman, Ros Whiting	PhD in Accounting
2	Nicola Beatson	1 March 2016	Ralph Adler	Jeff Smith, David Berg	PhD in Accounting
3	Tian Yue*	1 April 2016	Jin Zhang	Terry Pan, Eric Tan	PhD in Finance
4	Dereje Getachew Regasa*	1 April 2016	Helen Roberts	David Fielding	PhD in Finance
5	Jiexiang (Jenny) Huang*	1 June 2016	Helen Roberts	Dr. Eric Tan	PhD in Accounting
6	Nuradhi Jayasiri	1 June 2016	Sriyalatha Kumarasinghe	Rakesh Pandey	PhD in Accounting

7	Dung Nguyen	1 November 2016	Ivan Diaz-Rainy	Helen Roberts	PhD in Finance
8	Renzhu Zhang*	1 March 2017	Gurmeet Bhabra	Eric Tan, Daisy Chou	PhD in Finance
9	Quyên Thi Hoàng Nguyễn*	1 February 2018	Ivan Diaz-Rainy	Ros Whiting	PhD in Finance
10	Wei Guo*	1 April 2018	Jin Zhang		PhD in Finance
11	Jianhui Li*	1 February 2017	Jin Zhang		Master of Business in Finance

There are 10 PhD students (4 Accounting and 6 Finance) in our department. Finally, 5 out of 10 PhD students plus one master student (marked ‘*’) will attend. Basically, every presenter will be assigned 6 minutes (5 minutes speech plus 1 minute Q&A). The order of the presentations will be based on PhD seniority. Those who join our department earlier will present first.

The slides presented in the workshop should include:

- **cover page**, i.e., title, supervisor(s) and your personal information;
- **what's your topic**, i.e., the main idea of your topic;
- **why you choose this topic**, i.e., the motivation from literature overview and financial data or own intuition;
- **how you do this topic**, i.e., your research path or methodology;
- **preliminary** results of your current research.

Programme for PhD Workshop 11 June 2018.

Department of Accountancy and Finance, Otago Business School

11:00am-1:30pm, 11 June 2018 (Mon), Commerce Boardroom 2.19

PhD Presentations

11:05 am to 11:11 am	<p>Presenter: Tian Yue</p> <p>Supervisor: Prof Jin Zhang, Dr Eric Tan and Dr Terry Pan</p> <p>Title: The Implied Volatility Smirk in the SSE 50 Index ETF Options Market</p>
11:11 am to 11:17 am	<p>Presenter: Dereje Getachew Regasa</p> <p>Supervisor: Dr Helen Roberts and Prof David Fielding</p> <p>Title: Ethnic Differentiation, Banking and Local Economic Development in Ethiopia</p>
11:17 am to 11:23 am	<p>Presenter: Jiexiang Huang</p> <p>Supervisors: Dr Helen Roberts and Dr Eric Tan</p> <p>Title: Media Sentiment and Mutual Fund's Trading and Performance</p>
11:23 am to 11:29 am	<p>Presenter: Renzhu Zhang</p> <p>Supervisors: Dr Gurmeet Bhabra, Dr Eric Tan and Dr Daisy Chou</p> <p>Title: CEO Succession Gap and Risk-Taking.</p>
11:29 am to 11:35 am	<p>Presenter: Quỳên Thi Hoàng Nguyễn</p> <p>Supervisors: A/Prof Ivan Diaz-Rainey and Dr Matthew McCarten</p> <p>Title: Climate Transition Risk Exposure in U.S. Bank Loan Portfolios</p>
11:35 am to 11:41 am	<p>Presenter: Wei Guo</p> <p>Supervisor: Prof Jin Zhang</p> <p>Title: Numerical Analysis on Bakshi, Kapadia and Madan (2003) method in computing Model-Free Risk-Neutral Moments.</p>

11:41 am to 11:47 am

Presenter: Jianhui Li

Supervisor: Prof Jin Zhang

Title:

Mix and Mingle

12:05 pm to 2:00 pm |

Lunch

Abstracts

Title: A Dynamic Approach to the Role of Housing Liquidation Options in Optimal Consumption among Retirees

Jelita Noviarini, PhD in Accounting

Abstract:

This paper is the first study to investigate the impact of housing liquidation options on retirement consumption of individuals 65 and over or those retired from paid work using a dynamic programming approach. The five housing treatment options analysed are long-term rental; rental followed by a house purchase; sale of an existing home then rent; sell current house and buy a different size house (upsize or downsize); or stay in the current house. Our model calculates the optimal levels of consumption, health expenditure, house size and state (rent or sell or stay) based on a logarithmic utility function that assumes a pre-determined level of income distribution, liquid and house wealth, income, and health states. The optimisation also accounts for the transaction costs of liquidation, maintenance, and bequest. Our model determines the optimal outcome using the possible housing scenarios that maximise total utility from consumption, relative to health expenditure, house size, and bequest.

Title: The Implied Volatility Smirk in the SSE 50 Index ETF Options Market

Tian Yue, PhD in Finance

Abstract

This paper provides an analysis of the shape of option implied volatility curve of the SSE 50 index option market in China, with the standard methodology of implied volatility smirk analysis. We find the shape of implied volatility curve in SSE 50 option is asymmetrical and skewed to the left, which means that the implied volatility smirk existed in the option market in China. We also find that using a standard measure of the shape of implied volatility measure has predictive power for the future returns in capital market in China.

Title: Market Moment Spreads and the Cross Section of Expected Returns: Evidence from the Energy Sector

Dereje Getachew Regasa, PhD in Finance

Abstract

This paper aims to examine the degree to which expansion in banks' branches is sensitive to ethnic composition throughout the cross-section of Ethiopian woredas (districts). In particular, we test whether local banking development is sensitive to both ethnic composition of the woreda, and ethnic composition within the bank. Conditional on these effects, we also examine a substantial effect of banking expansion on the local economy. We find that ethnic ties are highly important for bank development and the number of banks exert a large positive effect on local wealth. The results are robust to alternative measures of ethnic difference and different econometric specifications.

Title: Media Sentiment and Mutual Fund's Trading and Performance

Jiexiang (Jenny) Huang, PhD in Finance

Abstract:

We study the relation between mutual fund trades and different media tones of firms. We try to find that different media tone is related to firms' future performance. Our findings support the role of media tone as an external mechanism moderating mutual fund trades

Title: CEO Succession Gap and Risk-Taking

Renzhu Zhang, PhD in Finance

Abstract:

This paper investigates the relationship between succession-induced gaps in CEO risk-taking attributes and subsequent firm risks. We show that the risk-taking gap index constructed using several CEO personal attributes is positively related to subsequent firm risk, especially under forced removal, poor pre-succession firm performance and/or external succession. Further, we find that under the aforementioned three circumstances, CEOs with risk-taking gaps increase firm risk through implementing riskier financing policies, operating policies, investment policies and diversification strategies. Overall, our findings suggest that CEO's personal risk-taking attributes in non-economic contexts have implications for firm risk-taking policies and overall risk profile.

Title: Climate Transition Risk Exposure in U.S. Bank Loan Portfolios

Quỳnh Thi Hoàng Nguyễn, PhD in Finance

Abstract:

This paper examines financial institutions' exposure to climate transition risks using a bottom-up methodology. Specifically, we extend the prior work that calculate carbon footprints at the corporate level, and use it as the proxy to measure the climate transition profile of the largest banks in the United States via their private commercial loan portfolio in the period 2005-2015. Second, we investigate if banks incorporate the climate transition risks of its borrowers into their pricing structure. Third, we conduct a climate stress test on the largest banks to explore their vulnerability under extreme scenarios. Finally, we attempt to explain the difference in banks' risk profile, to see if it is driven by the bank's carbon footprint/sectoral screening and/or by its pricing strategy.

Title: Numerical Analysis on Bakshi, Kapadia and Madan (2003) method in computing Model-Free Risk-Neutral Moments

Wei Guo, PhD in Finance

Abstract:

Bakshi, Kapadia and Madan (BKM 2003) propose a method to calculate model-free risk-neutral moments from market prices of options. The method has been widely used by finance researchers in empirical asset pricing, but its error and convergence have not been analyzed completely. This paper provides a numerical analysis on the BKM method. The results of our analysis will provide guidance on how to obtain robust higher moments from options market.