# HUIFENG CHANG

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## EDUCATION

**University of California, Los Angeles** *September 2016 - Present*
Ph.D. in Economics, June 2022 (Expected)
M.A. in Economics, March 2018

**Peking University** *September 2010 - June 2016*
M.A. in Economics, June 2016
B.A. in Economics, June 2014
B.S. in Mathematics (Minor), June 2014

## RESEARCH INTERESTS

**Macroeconomics, Financial Economics**

## WORKING PAPERS

**"A Macroeconomic Model with Bond Market Liquidity"** (Job Market Paper)

*Presentations: 2021 Warwick Economics PhD Conference, 2019 Jesusalem finance summer school (poster session), VCU, UCLA*

**"Bonds v.s. Equities: Information for Investment"**, with Adrien d'Avenas and Andrea Eisfeldt

*Presentations: Mannheim Workshop on Firm Heterogeneity and Macroeconomics (scheduled), 2021 Macro Finance Society Workshop, 2021 NBER Summer Institute (AP and MMFM), Rochester, Peking University, University of Nottingham, McGill University, UNC, Stockholm School of Economics, UCLA*

**"CBDC and Banks' Disintermediation in a Portfolio Choice Model"**, with Lucyna Gornicka, Federico Grinberg, and Marcello Miccoli

*Presentations: Federal Reserve Board FS Workshop (scheduled), IMF Fintech Brownbag Seminar*

## WORK IN PROGRESS

**"Market Liquidity and Bond Issuance: Effects of the Fed's Interventions during the COVID-19 Crisis"**, with Shihan Shen

**"Fiscal Transfer Policy and Spatial Agglomeration in China"**, with Boxiao Zhang and Wenyu Zhou

## RESEARCH EXPERIENCES

**Fund Internship Program** *Summer 2020*

*Ph.D. research intern, Monetary and Capital Markets Department, International Monetary Fund*

**Research Assistant for Professor Pablo Fajgelbaum** *Fall 2018*

*"The Return to Protectionism", 2019, Quarterly Journal of Economics, (Pablo Fajgelbaum, Pinelopi K. Goldberg, Patrick J. Kennedy and Amit K. Khandelwal)*

## TEACHING EXPERIENCES

**Teaching Assistant, UCLA**

| | |
|---|---|
| Microeconomic Theory | *Fall 2017, Winter 2018, Fall 2018, Winter 2019, Spring 2019* |
| Macroeconomic Theory | *Spring 2018, Summer 2018, Winter 2020* |
| Principle of Economics | *Spring 2021, Spring 2020* |

**Teaching Assistant, Peking University**

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|---|---|
| Advanced Microeconomics (Graduate course) | *Fall 2015* |
| Macroeconomic Theory | *Fall 2015* |

## PRESENTATIONS

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|---|---|
| University of Nottingham | *October 2021* |
| Virginia Commonwealth University | *September 2021* |
| Peking University GSM Alumni Research Forum | *July 2021* |
| Warwick Economics PhD Conference | *June 2021* |
| Jesusalem advanced school in economic theory: finance (poster session) | *July 2019* |
| UCLA Proseminar | *2019, 2020, 2021* |

## AWARDS AND HONORS

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|---|---|
| Dissertation Year Fellowship, UCLA | *2021-2022* |
| Graduate Student Fellowship, UCLA Economics | *2016-2020* |
| UCLA Travel Grant | *2019* |
| MIT-FARFE Capital Markets Research Workshop Travel Grant | *2019* |
| Jesusalem Finance Summer School Travel Grant | *2019* |
| Honor Pass in Econometrics Comprehensive Exam, UCLA | *2017* |
| Research Excellence Award, Peking University | *2015* |
| Academic Excellence Award, Peking University | *2013* |
| Founder Scholarship, Peking University | *2013* |
| Kwang-Hua Scholarship, Peking University | *2011* |

## MISCELLANEOUS

Computer skills: Fortran, Matlab, Stata, Latex, R, SAS
Languages: Chinese (Native), English (Fluent)
Born in 1993; Chinese citizen; Female

## REFERENCES


**Pierre-Olivier Weill** (Chair)
Professor
Economics Department, UCLA
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**Andrew Atkeson**
Professor
Economics Department, UCLA
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**Andrea L. Eisfeldt**
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Anderson School of Management, UCLA
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**Lee E. Ohanian**
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Economics Department, UCLA
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## ABSTRACT OF SELECTED PAPERS

### "A Macroeconomic Model with Bond Market Liquidity" (Job Market Paper)

Do disruptions in market liquidity of long-term bonds have a quantitatively important impact on the macroeconomy? This paper introduces search-based secondary markets for long-term corporate bonds into a dynamic general equilibrium model. In the model, with borrowing constraints and incomplete insurance, firms restrict hiring ex-ante when default risk increases. Bond market liquidity, by affecting bond prices and thus the borrowing limits for firms, has impact on firms' labor choices. A positive default-liquidity spiral further amplifies these effects. Using a calibrated model, I show that a liquidity shock that is calibrated to match the observed increase in the bid-ask spread explains about 20% of the employment losses in the Great Recession. The paper also provides a structural estimate of the impacts of the Fed's corporate bond purchasing program on the real economy during the COVID-19 crisis. By improving bond market liquidity, the Fed's interventions avoided a 2 percentage point drop in employment.

### "Bonds v.s. Equities: Information for Investment", with Adrien d'Avenas and Andrea Eisfeldt

We provide robust empirical evidence that uncovers the reason for the observed closer relationship between the bond market versus the equity market and the macroeoconomy. Our results indicate that the tight bond market-macroeconomy link is not due to differences in the investor base, but instead to the unique transformations of asset volatility and leverage that credit spreads and equity volatility represent. We focus on the investment channel. Using firm-level data, we find that the sensitivity of investment to equity volatility is highly significant, but changes sign in the cross section of firms depending on their distance to default. This sign change confounds aggregate inference. We rationalize these findings using a simple structural model of credit risk and investment with debt overhang.

### "CBDC and Banks' Disintermediation in a Portfolio Choice Model", with Lucyna Gornicka, Federico Grinberg, and Marcello Miccoli

Under what circumstances can the introduction of CBDC disintermediate the banking sector? The paper sets up a portfolio choice model as a laboratory to explore this question and finds that only in special cases introducing CBDC reduces bank credit and when it does, the effect is small. In the model, households choose how to allocate their wealth between illiquid and liquid assets (and among which how much cash, bank deposits and CBDC to hold), and an imperfectly competitive banking sector offers deposits and lending. In a simple case in which all liquid assets are equally costless to access, the introduction of a no interest-bearing CBDC does not lead to banking disintermediation, as banks' increase the return on deposits to fight off the competition from CBDC. However, in the presence of costly access to bank deposits and CBDC, the introduction of the latter may create disintermediation of the banking sector under specific conditions: when CBDC has much lower costs to hold than bank deposits and the wealth distribution is fairly unequal, poorer households will stop holding bank deposits in favor of CBDC, but banks will not aggressively fight to prevent the outflow of customers due to their relatively smaller wealth. This can lead to an aggregate decrease in bank deposits. Still, the impact on lending will be quantitatively small if banks have access to other forms of funding, such as wholesale or central bank financing.