Zexu (Andy) ZHENG

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Research Interest

Empirical Asset Pricing and Information Theory.

Education

Southwestern University of Finance and Economics Sep. 2021 - Present
PhD *in Financial Engineering, supervisor: Prof. Xiaoxiao HE and Prof. Yu ZHENG*

Southwestern University of Finance and Economics Sep. 2017 - June 2021
BSc *in Finance*

Qualification

CFA Institute May. 2023
CFA Holder *CFA Badage*

Global Association of Risk Professionals Oct. 2021
FRM Holder *FRM Badage*

Scholarship and Research Support

Graduate Representative Achievement Cultivation Project of SWUFE 2024
Narrative Risk Management *JGS2024015*

Fundamental Research Funds for the Central Universities of China 2023
Tracking and Hedging Extreme Risk in Stock Market: A method based on textual data *JBK2307061*

Southwestern University of Finance and Economics 2021-2026
First Class Academic Scholarship

Working Paper

[1] **Pandemic Risk and Implied Volatility: Evidence from COVID-19**, joint with Xiaoxiao HE and Yu ZHENG

We develop news-based measures of pandemic risk and demonstrate that such risk positively influences the implied volatility of stock index options. Our measures maintain robust predictive power across various empirical models. Additionally, we design several profitable option strategies utilizing these measures. Our findings indicate that the options market reflects the long-term impact of pandemic risk on market volatility, suggesting that volatility-based trading strategies can effectively hedge against the negative economic effects of epidemic risks.

[2] **The Colour of Finance Words in Chinese**, joint with Kai YAO and Cai LIU

In this paper, we develop a Chinese financial sentiment lexicon using supervised machine learning algorithms. By training on market responses to text as sentiment labels, our method effectively mitigates biases inherent in manual annotation. This approach also enables the creation of a time-varying sentiment lexicon, enhancing the capture of evolving emotional components. The sentiment indicators generated from this lexicon significantly predict cumulative abnormal returns, and trading strategies based on these indicators achieve notable excess returns and high Sharpe ratios.

Teaching Experience

CST213 Python Programming(English), TA — Fall 2024;Spring 2024;Spring 2023
ECO801 Microeconomics (Bilingual), TA — Fall 2023
FEG901 Derivative Financial Instruments(English), TA — Fall 2023;Fall 2022
CST905 Machine Learning(English), TA — Spring 2022

Seminar and Conference

3rd Credit Scoring and Credit Rating Annual (Present)	Oct. 2024
22nd China Financial Engineering Annual (Present)	Oct. 2023
7th China Fin-Tech Annual (Present by co-author)	Oct. 2023
12th International Conference on Futures and Other Derivatives (Present)	Nov. 2023