Zexu (Andy) ZHENG

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Research Interest

Empirical Asset Pricing and Information Theory

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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 BSc in Finance	Sep. 2017 - June 2021
QUALIFICATION	
CFA Institute CFA Holder Global Association of Risk Professionals FRM Holder	May. 2023 <u>CFA Badage</u> Oct. 2021 <u>FRM Badage</u>
Scholarship and Research Support	
Graduate Representative Achievement Cultivation Project of SWUFE Narrative Risk Management	$2024 \\ JGS 2024 015$
Fundamental Research Funds for the Central Universities of China Tracking and Hedging Extreme Risk in Stock Market: A method based on textual data	2023 JBK2307061
Southwestern University of Finance and Economics	2021-2026

WORKING PAPER

First Class Academic Scholarship

- [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 ECO801 Microeconomics (Bilingual), TA FEG901 Derivative Financial Instruments(English), TA

CST905 Machine Learning(English), TA

Fall 2024; Spring 2024; Spring 2023 Fall 2023 Fall 2023; Fall 2022 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