

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.

Abstract: This paper studies the asset pricing implications of state-dependent, idiosyncratic labor income tail risk on credit spread. I propose a model featuring incomplete market, heterogeneous households with recursive preference, and a single state variable that drives the time-varying probability of tail events in both 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 third moment risk of labor income and cash flow growth can account for as much as 68% of the observed credit spread. My framework highlights the comovement of labor tail risk and cash flow tail risk, and elucidates its specific pricing mechanism for corporate bonds.

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), 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)

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 Intern, Asset Allocation Division.	Dec.2012-Jun.2013
Generali China Intern, Asset Management Division.	Jun.2012-Aug.2012
National Development and Reform Commission Intern, Institute of Energy Economics.	Mar.2011-Sept.2011

Teaching Experience

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| ○ 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

Prof. Kai Li (Advisor)

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