

Edwin Hu

CONTACT

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INTERESTS

Information asymmetry, institutional investors, networks, causal inference.

EDUCATION

Rice University, Jesse H. Jones Graduate School of Business, Houston, TX USA

Ph.D, [Finance](#) (Expected 2016)

University of Washington, Seattle, WA USA

B.S. [Applied and Computational Mathematical Sciences](#)

- A joint program between [Computer Science](#) and [Applied Math](#).

B.S. [Economics](#) *Cum Laude* (2006 - 2010)

WORKING PAPERS

[Information Diffusion in Institutional Investor Networks](#)

Job Market Paper

This paper tests whether institutional investors share valuable information with one another through information networks. I develop a new measure, “Information Diffusion Centrality,” based on a stylized model of bilateral information exchange. The model predicts that central investors have superior access to information because they are on the paths of many random walks. Consistent with this prediction, I show that the interim trading performance of central investors is 60% higher than that of the average investor. Furthermore, central investors’ round-trip trading performance in target stock around merger announcements is more than two times higher than that of the average investor, even controlling for connections to merger advisors. In contrast, centrality plays no role in trading performance around sudden board director and key manager deaths. Overall, my findings suggest that network information diffusion plays an important role in informed trading.

What Does the Pin Model Identify as Private Information?

with Jefferson Duarte, and Lance Young

Revise and Resubmit at Journal of Finance

Some recent papers suggest that the Easley and O'Hara (1987) probability of informed trade (PIN) model fails to capture private information. We investigate this issue by comparing the PIN model with the Duarte and Young (2009) (DY) and Odders-White and Ready (2008) (OWR) models of private information arrival. We find that the PIN and DY models fail to capture private information because they mistakenly associate variations in turnover with the arrival of private information. On the other hand, the OWR model, which uses returns along with order flow imbalance to identify informed trade, seems to produce patterns that are consistent with the arrival of private information.

Presented at Multinational Finance Society Conference (MFS, 2015 by co-author) **Best Paper Award**, China International Finance Conference (CICF, 2015 by co-author), Society of Financial Econometrics Conference (SoFiE, 2015 by co-author), Instituto Tecnológico Autonomo de Mexico Conference (ITAM, 2015 by co-author). To be presented at the American Finance Association Conference (AFA, 2016).

Credit Be Dammed: The Impact of Banking Deregulation on Economic Growth

with Elizabeth Berger, Alexander Butler, and Morad Zekhnini

We document substantial variation in the effect of state-level bank branching deregulation in the United States on economic growth. We examine the sources of this variation by testing multiple channels that may link deregulation and economic growth. Using a matching method that utilizes synthetic counterfactual states, we find support for the hypothesis that economic growth was associated with states where deregulation solved a capital immobility or “dammed” credit problem. We do not find support for other channels, which posit that banks became more efficient, financed more innovative businesses, or learned by observing prior deregulations.

Presented at Securities and Exchange Commission (SEC, 2014 by co-author), Financial Management Association Conference (FMA 2013), Yale School of Management (2015, by co-author).

PROFESSIONAL ACTIVITIES

- FMA Chicago (2013), presenter and discussant

TEACHING

Rice University (Teaching Assistant)

Core Finance (Spring 2014) *Full time and Professional MBA*

- Average teaching evaluation: 4.4/5
- 2 sessions per week with additional exam recitations and grading

- Average 20 students per week, up to 100+ students for exams
- In class and on-line participation

CITIZENSHIP

USA (Born)