Yida Li

October 2021

Contact Information

University of Washington
Department of Economics
Seattle, WA, United States

liyida@uw.edu
+1 (734) 680-4797
li-yida.github.io
li-yida

Education

University of Washington — Seattle, WA
Ph.D. in Economics — 2022 (expected)

University of Michigan — Ann Arbor, MI
M.A. in Economics — 2016

Fudan University — Shanghai, China
B.A. in International Finance — 2014

Fields

International Finance, International Macroeconomics, Applied Econometrics

Research

Working Papers

Covered Interest Rate Parity Deviations: A Model of Dollar Funding of Global Banks. *(Job Market Paper)*

Macroeconomic Connections to Foreign Exchange Risk Term Structure. *(with Yu-chin Chen and Jingyi Ren)*

Drivers of Euro Area Long-Term Sovereign Yields. *(with Nazim Belhocine)*

Predoctoral Publications

Network Dynamics of the Chinese Stock Market, 2014, The International Conference on Systems and Informatics. IEEE. *(with Bing Li)*

Merger and Acquisition in Coal Industry, 2013, Productivity Research. *(in Chinese)*

Real Estate Price and Inflation in China, 2013, Journal of Shanxi University. *(with Guangyou Zhou, in Chinese)*

Research Positions

Research Assistant to Prof. Yu-chin Chen, University of Washington — 2019

Research Assistant to Prof. Dominick Bartelme, University of Michigan — 2015-2016

Research Assistant, Financial Research Center, Fudan University — 2013-2014

Seminar Presentations

2021: European Central Bank (virtual), European Department, IMF (virtual)

2019, 2020: International Trade and Finance Seminar, University of Washington

Professional Experience

International Monetary Fund (IMF) — **Washington, D.C.**
Fund Internship Program, European Department — *2021.6–2021.9*

China Merchants Securities — **Shenzhen, China**
Summer Analyst, Investment Banking — *2016.6–2016.9*

Guotai Junan Securities — **Shanghai, China**
Analyst, Fixed Income, Currency and Commodity — *2014.2–2014.4*

Honors & Awards

Graduate School Scholarship, University of Washington	2021
Alberta C. Corkery Endowed Fellowship, University of Washington	2017
Excellent Graduate, Fudan University	2014
Xiyuan Undergraduate Research Grant, Fudan University	2013
People's Scholarship, Fudan University	2012, 2013

Teaching Experience

Instructor / Teaching Assistant, University of Washington, since 2017

Department of Economics
- Computational Finance and Financial Econometrics (Undergraduate)
- Introduction to Microeconomics (Undergraduate)
- Introduction to Macroeconomics (Undergraduate)

Foster School of Business
- Financial Management (Executive MBA)
- International Finance (MBA and Executive MBA)
- Business Finance / Corporate Finance (Undergraduate)
- Statistical Methods / Information Systems (Undergraduate)

Skills

Programming: Stata, R, Matlab, Python, LaTeX
Other: MS Excel, Bloomberg, Dealogic, Datastream
Language: English (full professional), Chinese (native)

References

Yu-chin Chen (Chair)
Department of Economics
University of Washington
Seattle, WA, USA
+1 (206) 543-6197
yuchin@uw.edu

Stephan Siegel
Foster School of Business
University of Washington
Seattle, WA, USA
+1 (206) 543-0784
ss1110@uw.edu

Eric Zivot
Department of Economics
University of Washington
Seattle, WA, USA
+1 (206) 543-6715
ezivot@uw.edu

Lukas Kremens
Department of Economics
University of Washington
Seattle, WA, USA
+1 (206) 543-5605
lkremens@uw.edu

Nazim Belhocine
European Department
International Monetary Fund
Washington, D.C., USA
+1 (202) 640-3386
NBelhocine@imf.org

Research Abstracts

Covered Interest Rate Parity Deviations with a Global Banks Dollar Funding Model.
(*Job Market Paper*)

The persistence of covered interest rate parity (CIP) deviations has been a fundamental puzzle in international finance. Since global financial crisis (GFC), these deviations have implied a persistent dollar financing premium for banks versus other major currencies, and have long attracted the attention from academia and policy makers. In this paper, using a model of dollar funding of global banks in the foreign exchange (FX) swap market, I studies the contributions of credit spread differential, bank's default premium, and the global banks' liquidity needs, to CIP deviations. Then I empirically examine whether the data is consistent with the model predictions, and find that the relative significance of each component in CIP deviation has changed over time, as default premium was the dominant driver around GFC, credit spread differential has been contributing to the rise in CIP deviations in recent years. I also show that the CIP dollar basis for one currency is affected by the financial conditions in other countries, who may also participate swap transactions of USD in the FX market.

Macroeconomic Connections to Foreign Exchange Risk Term Structure.
(*with Yu-chin Chen and Jingyi Ren*)

This paper empirically investigates the connection between macroeconomic fundamentals and time-varying currency risks captured by the FX risk term structure. We perform a VAR analysis to examine impulse responses of FX risk term structure to the shocks of macroeconomic events and find that production variables can generate a relatively consistent and systematic impact pattern, which suggests a potential macroeconomic connection. We also perform a direct single regression, regressing the database of 126 macroeconomic series of eight different groups on the FX risk term structure and apply the group LASSO technique for variable selection. Variables among both macroeconomic fundamentals and financial series are commonly selected, implying that financial markets' co-movements also exist in addition to potential macroeconomic connection.

Drivers of Euro Area Long-Term Sovereign Yields.
(*with Nazim Belhocine*)

This paper uses a joint model of macroeconomic and term structure dynamics to estimate the term premia and inflation risk premia embedded in U.S. and euro area bonds yields. We find that the fall in real risk premia has been the primary driver of declining yields, especially over the past year, given ECB assets purchases and forward guidance which lowered the uncertainty over the projected path of short-term rates. In addition, contrary to the Fed, the ECB's new strategy review has yet to lift inflation expectations with financial markets expecting inflation to remain below 2 percent. We subsequently present a model of the term premia to forecast the euro area 10-year yield curve and find that yields will likely remain depressed over the medium-term under various scenarios.