STEVEN ZHENG

University of California, Berkeley
545 Student Services Building
Berkeley, CA 94720

Website: sites.google.com/view/stevenzheng
Phone: (202) 769-7797
E-mail: steven_zheng@berkeley.edu

Education

University of California, Berkeley — Berkeley, CA
PhD Finance — 2021–present

Columbia University and **New York University** — New York, NY
PhD coursework in Finance and Economics (non-degree) — 2018–2019

Georgetown University — Washington, DC
MS Mathematics — 2016–2018
BS Mathematics and Economics — 2012–2016
NCAA Division I swim team member

University of British Columbia — Vancouver, Canada
Dual-enrollment during high school (non-degree) — 2011–2012

Research Interests

Asset pricing, macroeconomics, international finance

Working Papers

The Value of a Cure: An Asset Pricing Perspective
(with Viral Acharya, Timothy Johnson and Suresh Sundaresan)

We estimate the value of ending a pandemic using the joint behavior of stock prices and a vaccine progress indicator during 2020. In a general equilibrium model of repeated pandemics, the market response to vaccine news serves to identify the expected loss of wealth from the pandemic, which determines the welfare gain attributable to a cure. Based on our forecasts for vaccine deployment, ending the pandemic would have been worth 5-15% of total wealth. This value rises with greater exposure externality in labor choice. With uncertainty about transition rates, resolving the uncertainty can be as valuable as the cure itself.

Work in Progress

Hedging Uncertainty

I estimate the price of hedging against uncertainty shocks. I use macro and financial uncertainty from Jurado, Ludvigson and Ng (2015), and start by employing their and Bloom (2009)'s vector autoregression (VAR) to show shocks to both types of uncertainty result in sharp and persistent declines across the market portfolio and real economic quantities. I then construct hedge portfolios following Herskovic, Moreira and Muir (2020). While they show standard risk factors can be successfully hedged with minimal cost, I find that hedging against uncertainty shocks requires an economically meaningful cost of 3 to 4% per year. Finally I estimate an uncertainty factor and the resulting mimicking portfolio outperforms in times of heightened uncertainty.

Presentations

2022:
AFA (scheduled)

2021:
UIUC (Gies), IMF, SAIF, UCLA (Anderson), JHU Carey Finance Conference

2020:
NYU Stern (Finance, Volatility and Risk Institute)

Research and Work Experience

New York University — New York, NY
Research assistant for Sydney Ludvigson — 2021–present
Research assistant for Viral Acharya, Toomas Laarits, Robert Richmond — 2019–2021

BlackRock — New York, NY
Macro Research — 2018–2019

JP Morgan — New York, NY
Interest Rate Derivatives Research — 2017

Goldman Sachs — New York, NY
Global Macro Research — 2016

Teaching Experience

Probability Theory and Applications (MS) — Georgetown
Teaching assistant for David Caraballo — 2016

Economic Statistics (Undergraduate) — Georgetown
Teaching assistant for Anil Nathan — 2016

International Trade (Undergraduate) — Georgetown
Teaching assistant for Carol Rogers — 2014–2015

Updated October 2021