

WEI WANG

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RESEARCH FIELDS

Asset Pricing Theory, Information Economics, Machine Learning

EDUCATION

Ph.D. Candidate in Finance <i>Indiana University, U.S.</i>	2018-2023 (expected)
M.A. Economics <i>Tsinghua University, China</i>	2015-2018
B.A. Economics & B.S. Applied Mathematics <i>Wuhan University, China</i>	2011-2015

WORKING PAPER

"Information Market and Asset Pricing" (2022, Job Market Paper)

Abstract: I study asset prices and portfolio choice in an exchange economy with an information market. Investors are heterogeneous in learning costs when using signals of different qualities. Information providers decide the quality and price of signals. In equilibrium, ex-ante homogeneous information providers voluntarily differentiate in their signal quality. The market equilibrium is not socially optimal. The information heterogeneity gap is overly large. In the social optimum, low-quality information investors could trade more actively and security price volatility could be higher.

"Do Investors Overreact to Managerial Tones?" (2021)

Abstract: This paper investigates whether investors overreact to managerial tones in the text of annual reports. Using a machine learning technique on topic analysis, I conduct a decomposition of managerial tones on multiple topics (signals), which are informative about different aspects of firms' value (fundamentals). Focusing on 10-Ks of SP500 constituents, I find the market reacts more to signals which are precise about future fundamentals, indicating that investors extract value-related information from tones while ignoring text uncorrelated with fundamentals. A simple structural model of trading shows that while naive investors overestimate excess returns by 2.75 basis points on average, investors' overreaction pushes up the filing period buy-and-hold excess return by only 0.03 basis points. Cross-sectional analysis shows that overreaction is most salient for high market valuation firms and medium-size ones. The results support the view that investors are not overreacting to managerial tones.

WORKING IN PROGRESS

"Twitter Bots, Corporations and Financial Markets" (2020), with Anthony Cookson (UColorado), Juhani Linnainmaa (Dartmouth), Alessandro Previtero (Indiana), and Filippo Menczer (Indiana)

Abstract: Social media play a significant role in shaping public opinions and beliefs. This paper provides novel evidence about strategical use of automated accounts (bots) in option markets. Using a twitter-bot detector developed by Observatory on Social Media (OSoMe), BotometerLite, we find that twitter bot activity clusters around options' expirations. This strategy generates a short-lived change in underlying stock prices. Our results demonstrate that artificial intelligence can be used to manipulate stock prices.

"Portfolio Liquidity and Mutual Fund Performance" (2021), with Charles Trzcinka (Indiana)

PUBLICATION

Jiaren Pang, Dapeng Chen, and **Wei Wang**. *Margin Trading* and corporate investment: from the perspective of outside system and information learning. *Review of Investment Studies, in Chinese*, 38(4), 2019.

Jiaren Pang, Hua Zhou, and **Wei Wang**. Determinants and wealth effects of listed companies' decisions to establish buyout funds. *Journal of Financial Research, in Chinese*, 452(2):153–171, 2018.

CONFERENCE

2022: Kelley Finance PhD Seminar, NBER Meeting on Big Data and HPC for Financial Economics
2021: American Finance Association Poster
2019: NBER Meeting on Big Data and HPC for Financial Economics, Kelley Finance PhD Seminar
2018: Tsinghua Workshop in Finance
2015: The 15th China Youth Economists Form

TEACHING EXPERIENCES

Kelley School of Business, Indiana University
Equity and Fixed Income Investment: Fall 2021, Summer 2022
Teaching Evaluation: 5.1/7.0, 6.1/7.0

HONORS AND AWARDS

2018: Dean's Fellowship
2016: National Scholarship
2015: Outstanding Undergraduate Thesis
2014: Chen Zuotao Alumni Fellowship
2013: National Endeavor Fellowship

LANGUAGE AND COMPUTER SKILLS

Proficient Programming Skills: Python, R, Matlab, SAS, Stata, C, Mysql.
Languages: English (fluent) and Mandarin (native)

REFERENCES

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