

YIFAN YU

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EDUCATION

Princeton University PhD Candidate in Economics

Expected June 2021

Thesis title: “*Essays on Institutional Investors in Bond Market*”

Princeton University MA Economics

2016

Mount Holyoke College BA Economics, Mathematics, Magna Cum Laude

2011

REFERENCES

Professor Moto Yogo

Bendheim Center for Finance

Department of Economics

Princeton University

myogo@princeton.edu, 609-258-4467

Professor Wei Xiong

Bendheim Center for Finance

Department of Economics

Princeton University

wxiong@princeton.edu, 609-258-0282

Professor Adrien Matray

Bendheim Center for Finance

Department of Economics

Princeton University

amatray@princeton.edu, 609-216-1591

TEACHING AND RESEARCH FIELDS

Empirical Finance, Fixed Income Market, Institutional Investors, Monetary Policy

TEACHING EXPERIENCE

ECO 312: Econometrics: A Mathematical Approach

Fall 2020

Assistant Instructor for Professor Mikkel Plagborg-Moller

ECO 361: Financial Accounting

Spring 2020, 2017

Assistant Instructor for Professor Donal Byard, Professor Roman Weil

ECO 363: Corporate Finance and Financial Institutions

Spring 2019, 2018

Assistant Instructor for Professor Adrien Matray, Professor David Schoenherr

FIN 594/ECO 494: Chinese Financial and Monetary Systems

Fall 2018, 2017, 2016

Assistant Instructor for Professor Wei Xiong

RESEARCH EXPERIENCE

Harvard University

June 2015 - August 2015

Research assistant for Professor Gita Gopinath, *Department of Economics*

Federal Reserve Bank of Boston

June 2011 - July 2014

Senior Research Assistant, *Finance and Macroeconomics Group, Research Department*

United Nations Children's Fund (UNICEF)

June 2010 - August 2010

Research Assistant, *Social Policy and Economic Analysis Section, East Asia and the Pacific Regional Office*

HONORS

Princeton University Fellowships, Princeton University

2014 - 2020

Galbraith Graduate Fellowship for Graduate Education in Economics, Mount Holyoke College

2014

Certificate of Excellence for Outstanding Research Assistantship, Federal Reserve Bank of Boston

2011, 2012

Phi Beta Kappa, National Academic Honors Society

2011

JOB MARKET PAPER

Hunt-for-Duration in Corporate Bond Market

Abstract: This paper demonstrates that life insurers, who are the largest players in the corporate bond market, shift their corporate bond portfolios towards bonds with longer duration as the interest rates decline to historical lows since the 2008 financial crisis. This is due to life insurers' interest rate risk hedging to ensure better duration matching between their assets and liabilities. This paper further examines the implication of life insurers' hunt-for-duration behavior for bond prices. I show that hunt-for-duration on the part by life insurers can drive overpricing of corporate bonds when a negative monetary policy surprise hits.

RESEARCH IN PROGRESS

The Impact of the Risk-Based Capital Reform in the Insurance Industry on Corporate Financing

Abstract: I investigate how the risk-based capital (RBC) reform in the insurance industry initiated in year 1993 affect life insurers' investment behavior in corporate bonds, and how RBC-induced distortion in insurers' investment practices could have an impact on credit allocation, and ultimately real investment in the economy. Following the reform, I observe that insurers tilt their portfolios towards lowest rated corporate bonds within a bond risk category defined by the RBC rule. Through shifting insurers' bond demand, I find that the RBC reform changes the credit supply conditions to a particular group of firms: those that have credit ratings barely fitting into a low risk category, and belong to industries where insurers hold more corporate bonds prior to the reform. Furthermore, I find that these firms take advantage of the more favorable credit allocation conditions to increase investment and employment after the reform. These results highlight a channel through which the regulatory reform in the insurance industry can bear real consequences.

The Portfolio Balance Channel of Quantitative Easing: Inspecting the Insurance Companies

Abstract: Using data on U.S. insurance companies' bond holdings, I study whether insurers rebalanced their bond portfolios during Quantitative Easing (QE) programs initiated by the Federal Reserve (Fed) since the 2008 financial crisis. Specifically, I examine whether insurers sold QE assets and replaced them with corporate bonds when the Fed conducted large-scale asset purchases. This paper investigates how unconventional monetary policy could affect credit supply condition in the real economy through the insurance sector.

MISCELLANEOUS

Programming: Stata, Python, Java, Matlab, R, Sas

Language: English, Chinese, French (intermediate), German (basic), Spanish (basic)

Interest: Drawing and painting with mixed mediums