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Current Position

- Assistant Professor August 2018 - Now
School of Applied Economics, Renmin University of China

Education

- Ph.D. Economics, Vanderbilt University, US August 2018
- M.A. Economics, Vanderbilt University, US May 2011
- M.Sc. Economics, Singapore Management University, Singapore June 2007
- B.A. Economics, Xiamen University, China June 2005

Research Fields

- Primary: Empirical IO, Applied Microeconomics
- Secondary: Econometrics, Corporate Finance, Energy Economics

Publications

1. "Price ceilings as focal points to reach price uniformity: Evidence from the Chinese gasoline market," *Energy Economics* . 92, 111, 2020. [**corresponding author** with Xiaobing Zhang, Yinxin Fei and Lei Zhang.]

Working Papers

1. "How Costly to Sell a Company? A Structural Analysis of Takeover Auctions," with Dong-Hyuk Kim. [**under review, corresponding author**]
To explain why sellers in takeover auctions limit bidders entry, we structurally measure economic costs incurred by the seller for inviting an additional bidder. Our auction model allows bidders to discount their synergy values when rivals obtain the target company's confidential information, which induces the information cost. We identify the model primitives with unobserved heterogeneity, as confidential information is latent. From a sample of U.S. M&As, we find that the unobserved heterogeneity is critical, bidders lower values by 11.9% for each rival, and the information (operation) cost amounts to 1.3% (4.1%) of the equilibrium deal value for a representative target.
2. "Asymmetric Pass-through of Crude Oil Prices to Gasoline Prices: Evidence from Chinese Gasoline Pricing Reform," with Xiaobing Zhang. [**in submit, corresponding author**]
As the second largest oil consumer and the largest crude oil importer in the world, Chinas oil consumption has been profoundly affected by fluctuations of international oil prices. It has been evident in the literature that gasoline price often have an asymmetric response to the international crude oil price, which means that gasoline prices increase faster as oil price increases than to decline when oil price decreases, i.e., the so-called rocket and feather effect. Using a panel data covering 16 cities from January 2004 to December 2019, we show that there is a significant

asymmetric adjustment in China's gasoline retail prices. We also illustrate that Chinese retail gasoline pricing mechanism can explain the speed and magnitude of the asymmetric responses.

3. *"Market Power in Electricity Markets with Renewables: The Effects of Ownership and Forward Contract Allocation,"* with Jing Long.

Motivated by the growth of renewable generation and development of electricity market in China, this study analyzes the impact of renewable penetration on the market outcomes under different market and ownership structure. We construct a two-stage oligopolistic model consisting symmetric strategic suppliers and competitive fringe suppliers who are allowed to make production decisions for each of their generation technology. Based on the theoretical model, we further conduct a series of simulation study to illustrate the theoretical result by exploring different set of model parameter configurations. We find that the amount of price decline could be partially or fully reduced when strategic suppliers a large proportion of renewable generation assets as a result of market power. Using the ownership and capacity information of the "big-five" electricity groups, Our simulation shows that this ownership effect will emerge in the future Chinese electricity market according to China's renewable policy and targets. Furthermore, the forward contracting stage is pro-competitive or even over-competitive, depending on both the market and ownership structure.

Works in Progress

1. *"Optimal Shortlisting Rule with Entry Control by An Informed Seller."*

This study is a theoretical extension of my job market paper of takeover auctions, where indicative bidding and shortlisting is a common practice. I first develop a two-stage auction model with entry control by an informed seller who observes bidders' initial types (signals). Then I study how the seller, who has information valuable to the bidders, maximizes his expected profit by shortlisting potential bidders into the final-stage auction. The shortlisted bidders are asymmetric in their types (private valuation plus beliefs) because their private beliefs about the other shortlisted bidders rely on their private initial types. Except for takeover auctions, this model also describes many real-world auctions with a qualification stage, such as a real estate sale.

2. *"Optimal Auction Design with Selective Entry."*

This paper studies the optimal auction design by a revenue-maximizing seller in a two-stage auction model with selective entry. Following Stegeman (1996) and Lu (2009), I consider the feasible semidirect mechanism with a symmetric threshold-entry. In order to implement the optimal entry threshold, we need to consider a generalized *virtual value*, which is non-monotone in general. To handle the non-monotonicity of the *generalized virtual value*, I use the ironing technique described in Myerson (1981) to obtain a monotone (ironed) virtual value. Then we select the optimal mechanism to maximize the (ironed) virtual value.

3. *"Semiparametric Estimation of Arbitrage-free Option Bounds,"* (with Yanqing Fan, Xiaoxia Shi)

In this paper, we develop inference procedures for subsets of parameters defined by both uniform and local conditional moment inequalities. We apply this procedure to infer the Arbitrage-free bounds for the S&P500 options with given strike prices and time-to-maturity from the observed time-series data of S&P500 index and cross-sectional data of S&P500 option (SPX). This procedure is applicable to many empirical asset pricing in incomplete market.

4. *"Platform Competition with Intra-Group Price and Non-price Discrimination,"* (with Tao Jia-qi, Huang Jun)

Journal Refereeing

Journal of Financial Econometrics, Frontiers of Economics in China, Environment and Development Economics

Teaching Experience

- **Graduate Courses**

Advanced Microeconomic Theory

Industrial Organization Theory

Empirical Industrial Organization

Industrial Organization in Digital Markets

Renmin University of China

Falls 2018, 2019, 2020, 2021

Falls 2018, 2019; Spring 2020

Falls 2019, 2020, 2021

Fall 2020

- **Undergraduate Courses**

Intermediate Microeconomic Theory

Vanderbilt University

Summers 2011, 2012

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