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## **EDUCATION**

Ph.D. in Economics, Cornell University, expected 2013

*Committee:* Prof. G. Andrew Karolyi (Chair), Warren B. Bailey, David Ng, and George Gao

M.A.(*summa cum laude*) in Management Science and Engineering, Academy of Mathematics and Systems Science, Chinese Academy of Sciences (CAS), China, 2004

B.A. in Economics (Risk Management & Insurance Concentration), Peking University, China, 2001

## **RESEARCH FIELDS**

Primary Field: Empirical Asset Pricing

Secondary Fields: International Finance, Financial Econometrics

## **JOB MARKET PAPER**

**“Asset Pricing with Extreme Liquidity Risk”**, December 2012

*Presented at Cornell University Finance Seminar, 2012; EFMA, 2013(scheduled); EFA Cambridge, 2013(scheduled)*

Defining extreme illiquidity as the tails of illiquidity for all stocks, I propose a direct measure of market-wide extreme liquidity risk and find that extreme liquidity risk is priced cross-sectionally in the U.S. equity market. From 1973 through 2011, stocks in the highest quintile of extreme liquidity risk loadings earned value-weighted average returns 6.6% per year higher than stocks in the lowest quintile. The extreme liquidity risk premium is robust to common risk factors related to size, value and momentum. The premium is different from that on aggregate liquidity risk documented in Pástor and Stambaugh (2003) as well as that based on tail risk of Kelly (2011). Extreme liquidity estimates can offer a warning sign of extreme liquidity events. Predictive regressions show that extreme liquidity measure reliably outperforms aggregate liquidity measures in predicting future market returns. Finally, I incorporate the extreme liquidity risk into Acharya and Pedersen’s (2005) framework and find new supporting evidence for their liquidity-adjusted capital asset pricing model.

## **WORKING PAPERS**

**“The Role of Investability Restrictions on Size, Value, and Momentum in International Stock Returns”**

(with G. Andrew Karolyi), September 2012

Using monthly returns for over 37,000 stocks from 46 developed and emerging market countries over a two-decade period, we test whether empirical asset pricing models capture the size, value, and momentum patterns in international stock returns. We propose and test a multi-factor model that includes factor portfolios based on firm characteristics and that builds separate factors comprised of globally-accessible stocks, which we call “global factors,” and of locally-accessible stocks, which we call “local factors.” Our new “hybrid” multi-factor

model with both global and local factors not only captures strong common variation in global stock returns, but also achieves low pricing errors and rejection rates using conventional testing procedures for a variety of regional and global test asset portfolios formed on size, value, and momentum.

**“What Factors Drive Trading around the World?”** December 2011

*Presented at Cornell Brownbag Seminar, 2011*

This paper examines the implications of the Lo and Wang (2000, 2006) mutual fund separation model in the cross-sectional behavior of global trading activity. It demonstrates that return-based factors work poorly around the world. On average across countries, market-wide turnover captures 37% of all systematic turnover components in individual stock trading, and two additional Fama and French (1993) factor turnovers increase the explanatory power by 23%. Similarly Lo and Wang’s (2000) turnovers only capture on average 64% of all systematic turnover components. Using this multi-factor asset pricing-trading framework, a horserace is further performed to explore other factors in return by examining the turnover behavior of different factor mimicking portfolios. All the return-based factors capture at most 67% of the common variation in trading, suggesting that stock pricing and trading volume may not be compatible around the world. In cross-country analysis, the explanatory power of the return-based factor model varies substantially across countries and markets, with better performance for European developed markets and China. Surprisingly, in North America, Japan and most emerging markets there are larger amounts of commonality in trading, mostly higher than 47%, for reasons other than return motive.

**ACADEMIC EXPERIENCE**

**Ad Hoc Referee**

The Review of Financial Studies

Journal of Financial Services Research

**Research Assistant**

Graduate Research Assistant for Prof. G. Andrew Karolyi, 2012

The People's Bank of China, China, 2004

The Ministry of Commerce, China, 2002-2004

School of Business, City University of Hong Kong, China, 2003

The State Administration of Foreign Exchange of China, China, 2001-2002

**Teaching Assistant**

Introductory Macroeconomics, Prof. Jennifer Wissink, Spring 2011

Introductory Microeconomics, Prof. Jennifer Wissink, Fall 2010

Introductory Macroeconomics, Prof. Steve Kyle, Spring 2010

Introductory Microeconomics, Prof. Richard V. Burkhauser, Fall 2009

**PROFESSIONAL EXPERIENCE**

Industrial Bank Co., Ltd., China, 2006-2007

*Bonds Columnist: China Securities Journal, ShangHai Securities News*

Investment Banking, Great Wall Securities Co., 2004-2006

*China Huaneng Group: M&A, Bond underwriting, Split-share reform of Huaneng Power International*

## **SELECTED AWARDS AND HONORS**

Developing a Professional Identity in Teaching, Center for Teaching Excellence, Cornell University, 2011

Sage Fellowship, Cornell University, 2007-2012

Distinction, Macroeconomics Qualifying Exam, Cornell University, 2008

President's Award, Academy of Mathematics and Systems Science, CAS, 2003 - 2004

Guo Tai Scholarship & Motorola Scholarship, Peking University, 1999 - 2001

First Prize, National Math Olympiad of China, Chinese Mathematical Society, 1994

## **OTHER INFORMATION**

Chartered Financial Analyst (CFA) Program – Level 3 Passed

*Programming Skills:* Matlab, SAS, Eviews, Gauss, STATA, SPSS

*Language:* English (fluent), Mandarin (native), Cantonese (native)

*Book Chapters (in Chinese):* Analysis and Forecasting on Chinese Imports and Exports (with Yi Zhang, Shanying Xu, and Shouyang Wang), Science Press, Beijing, 2005.

*Personal Background:* U.S. Permanent Resident, Citizen of China

## **REFERENCES**

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