

Yu Li

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Ph.D. Candidate in Finance

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RESEARCH INTERESTS

- Empirical Asset Pricing, Derivatives, Commodities, and Credit Risk.

EDUCATION

- C.T. Bauer College of Business, University of Houston, Houston, TX 2012–Present
Ph.D. in Finance (Expected in May 2018)
- Department of Mathematics, University at Buffalo, Buffalo, NY 2010–2012
M.A. in Mathematics
- Department of Mathematics, Xiamen University, Xiamen, China 2006–2010
B.S. in Mathematics, Minor in Finance

JOB MARKET PAPER

- **Characterizing Idiosyncratic Jump Risk: An Option-Based Approach (JMP)**
 - *Abstract:* This paper uses an option-based approach to characterize idiosyncratic jump risk for a large number of firms over a twenty-year period. We find that idiosyncratic jump risk carries a significant negative risk premium. It correlates with certain firm characteristics and can explain part of the idiosyncratic volatility puzzle. Moreover, we show that the average idiosyncratic jump risk of individual firms is a systematic risk factor that affects the cross-section of stock return, even after controlling for the aggregate market jump risk. These results suggest that idiosyncratic jump risk has important asset pricing implications.
 - *Presentations:* Financial Management Association (FMA) 2017 Annual Meeting

WORKING PAPERS

- **Supply, Demand, and Risk Premiums in Electricity Markets**, with Kris Jacobs and Craig Pirrong
 - *Abstract:* We model the impact of supply and demand on the price of electricity futures in a no-arbitrage model, using daily data between 2003 and 2014. The model allows for unspanned economic risk which is captured by the supply and demand variables but not identified by the futures price. The model provides a satisfactory fit as well as a consistent framework to study the interactions between the electricity futures and the demand and supply variables. We characterize the risk premium implied by the model and decompose the risk premium into components associated with demand and supply. The unspanned risk premium associated with supply is highly time-varying and constitutes the most important component of the total risk premium embedded in electricity futures.
 - *Presentations:* 2017 University of Oklahoma Energy and Commodities Finance Research Conference, University of Oklahoma, Commodity and Energy Market 2017 Annual Meeting, Oxford University, UK
- **Volatility Jump Risk and the Cross-Section of Stock Returns**
 - *Abstract:* Jumps in aggregate volatility has been established as an important factor affecting the volatility dynamic, the market index price, and index option price. However, whether it affects the price of other assets is still an open question. This paper provides supportive evidence in the equity market. We use a VIX option portfolio to measure the jump risk of the aggregate volatility and test whether it is priced in the cross-section of stock returns. We find a significant negative risk premium associated with the volatility jump risk, even after controlling for other systematic risk factors.
 - *Presentations:* Southwestern Finance Association (SWFA) 2017 Annual Meeting

WORK IN PROGRESS

- **Characterizing Oil Risk**, with Kris Jacobs and Bingxin Li
- **Frailty-Related Default Risk in the Municipal Bond Market**, with Chunchi Wu and Nora Zhang

TEACHING EXPERIENCE

- **Instructor**, C.T. Bauer College of Business, University of Houston Spring 2017
 - Course name: R Programming - Finance Applications (Master & MBA)
 - Evaluation: 4.92/5.00
- Teaching Assistant, C.T. Bauer College of Business, University of Houston 2012–2017
 - Undergraduate: Corporate Finance (Prof. Giorgio Sertsios, Prof. Vijay Yerramilli), Futures & Options (Prof. Guojun Wu)
 - Master & MBA: Energy Analysis (Prof. Art Smith), Financial Securities and Innovation (Prof. Stuart Turnbull)
 - Ph.D.: Continuous Asset Pricing (Prof. Stuart Turnbull), Applied Research in Finance (Prof. Stuart Turnbull)

AWARDS

- Bauer Ph.D. Travel Grant, University of Houston 2017
- Doctoral Student Fellowship, University of Houston 2012–2017
- Presidential Fellowship, University of Houston 2012–2014
- Graduate Tuition Fellowship, University at Buffalo 2010–2012
- National Scholarship, Xiamen University 2008

OTHER INFORMATION

- Certificate: Passed Chartered Financial Analyst (CFA) Level II Examination
- Computer Skills: Python, Matlab, SAS, R, Stata, Bloomberg, \LaTeX
- Languages: English, Mandarin

REFERENCES

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