

SHAOJUN ZHANG

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EDUCATION

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| Leonard N. Stern School of Business, New York University, USA | 2009 - 2014 |
| Ph.D. in Finance (expected May 2014) | |
| Leonard N. Stern School of Business, New York University, USA | 2009 - 2013 |
| M.Phil in Finance | |
| Peking University, China | 2005 - 2009 |
| B.A. in Finance & Economics | |
| Vienna School of Economics and Business, Austria | 2007 - 2008 |
| Exchange Student | |

RESEARCH INTERESTS

Asset Pricing (Empirical & Theoretical)
International Finance
Macro-Finance
Computational Finance

WORKING PAPERS

The Implications of Limited Stock Market Participation for International Risk Sharing and Asset Prices

This paper examines, empirically and theoretically, whether accounting for limited stock market participation can help explain international consumption risk sharing and asset prices. Empirically, for stock markets that are integrated with the U.S. market (such as European markets), U.S. stockholders' long-run consumption growth can explain the equity market index returns, as well as the within-market cross-section of equity returns. In contrast, there is little explanatory power for the asset returns of markets segmented from the U.S. market (such as Japanese and other Asia-Pacific markets). Consistent with these results, I present new evidence, employing micro-level household consumption data in the U.S. and U.K., showing that stockholders' consumption correlation is considerably higher than that of the aggregate consumption growth. I construct an incomplete market model that features limited stock market participation in each country. Besides matching the salient features of asset prices, the model quantitatively rationalizes the above empirical results, as well as explains the international equity premium puzzle (low aggregate consumption correlation and high asset return correlation). The model demonstrates that financial integration can generate excess comovement of asset prices relative to comovement in aggregate fundamentals, as in data. I study the welfare implications of a financial integration, and find that the benefits are all captured by the stockholders.

(Work-in-Progress) **Asset Holdings when Markets are Incomplete** with Evgeniya A. Duzhak and Thomas M. Mertens

Dynamic incomplete market models are appealing, however, they are hard to analyze. In this paper, we focus on dynamic models and lay out the properties of the solution as well as approximation methods. Theoretical results demonstrate that there are no equilibria on state spaces with upper and lower bounds. Because of incomplete insurance, wealth can always fall below any potential lower bound. However, we show that the wealth distribution is locally stable which implies reasonable long-run distributions of wealth. Therefore, it makes the models practical to work with.

(Work-in-Progress) **A Limited Participation Solution to the Backus-Smith Puzzle**

I analyze in this paper whether accounting for limited stock market participation can help explain the Backus-Smith puzzle. By focusing on the wealthy risky asset holders, I document empirically that their consumption risk is able to explain the cross-section of currency returns. Exploiting U.S. and U.K. household level consumption data, I show that, using the risky asset holders', rather than the aggregate, consumption growth rate can significantly improve the performance of the Backus-Smith condition. I quantitatively explore the limited participation channel in an incomplete market framework with portfolio choice.

TEACHING EXPERIENCE

Instructor for Foundations of Finance (Undergraduate Core), Summer 2012

Teaching Assistant for Foundations of Finance (EMBA), by Prof. Anthony Lynch, Spring 2013

Teaching Assistant for Asset Pricing Theory (Ph.D. Core), by Prof. Stijn van Nieuwerburgh, Fall 2011

Teaching Assistant for Options and Futures (MBA), by Prof. Menachem Brenner, Summer 2011

Teaching Assistant for Foundations of Finance (MBA), by Prof. Orly Sade, Summer 2010 & 2011

ACADEMIC EXPERIENCE

Asset Pricing Workshop, NBER Summer Institute, 2012

International Finance and Macroeconomics Workshop, NBER Summer Institute, 2012

Yale Summer School in Behavioral Finance, 2011

Bayesian Methods Workshop, Northwestern University, 2011

HONORS AND AWARDS

Jules Bogen Fellowship, 2013

NYU Stern Graduate Fellowship, 2009-2012

Student with Highest Distinction, Peking University, 2009 (Top 1%)

China National Scholarship, 2008 (Top 1%)

SKILLS

Mathematica, Matlab, Stata, SAS, R

REFERENCES

Prof. Matteo Maggiori

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Prof. Stijn van Nieuwerburgh (Chair)

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Prof. Thomas M. Mertens

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Prof. Robert Whitelaw

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