

CHAO ZI

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EDUCATION

- Ph.D. in Finance, University of Illinois at Urbana-Champaign 2020 (Expected)
- M.S. in Financial Engineering, University of Illinois at Urbana-Champaign 2014
- B.S. in Financial Engineering, Nanjing University 2012

WORKING PAPERS

- Real Flight to Safety
 - *Abstract:* In postwar U.S. data, recessions are often accompanied by rising macroeconomic uncertainty and a falling private sector investment share. I rationalize this pattern in a two-sector general equilibrium model that features exogenous variations in uncertainty and endogenous (mis)allocation of capital between the private and public sectors. The model demonstrates a risk-based mechanism that not only produces the “flight to safety” phenomenon in financial markets but also drives the compositional changes in aggregate investment. With this distinctive mechanism, the model predicts that: (i) there is a positive (negative) relationship between the public (private) sector investment rate and firms’ risk premiums; (ii) an increase in aggregate uncertainty in the private sector is associated with a decrease in the private sector investment share as well as a decrease in the real short rate; (iii) controlling for uncertainty, a larger private sector investment share is associated with a lower real short rate. These predictions are consistent with the empirical evidence.

PUBLICATIONS

- Designated Market Makers Still Matter: Evidence from Two Natural Experiments (with Adam Clark-Joseph and Mao Ye), *Journal of Financial Economics* (2017).

WORK IN PROGRESS

- How Do Investors Perceive Greater Investment in the Public Sector?

PRESENTATIONS

- 2018: FMA Annual Meeting

- 2017: Becker Friedman Institute MFM Summer Session, University of Illinois at Urbana-Champaign
- 2016: Paris December Finance Meeting

TEACHING

- Introduction to Finance (Undergraduate), *Teaching Assistant* Fall 2017 & Spring 2018
 - On the list of instructors rated excellent by their students

FELLOWSHIPS AND AWARDS

- Becker Friedman Institute MFM Summer Session Travel Grant
- Richard D. and Anne Marie Irwin Fellowship
- Joseph E. Zwisler and Ouida Wald Zwisler Fellowship
- Beatrice Company Fellowship
- Doctoral Fellowship

SKILLS

- Open-source: Julia, Python, R, C++, HTML
- Commercial: SAS, Matlab, Stata

REFERENCES

TIMOTHY C. JOHNSON (Chair)
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