

Jinming Xue

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EDUCATION

Ph.D. Finance, 2014-May 2020 (expected)	University of Maryland, College Park
M.S. Finance, 2013	University of Maryland, College Park
B.A. Financial Engineering, 2011	Shanghai University of Finance & Economics, China

WORKING PAPERS

“Measuring Liquidity Provision by Customers in Corporate Bond Markets: Evidence from 54 Million Transactions” (Job Market Paper) [\[SSRN\]](#)

This paper measures the role of liquidity provision by buy-side customers in corporate bond markets via a structural vector auto-regression (SVAR). Unobservable shocks to the willingness of customers and bond dealers to provide liquidity affect the choice of bond dealers, in opposite directions, between market-making (principal) and matchmaking (riskless principal) transactions. Exploiting this distinction, the SVAR disentangles these two shocks and reveals two episodes of high level of liquidity provision by customers in corporate bond markets: (i) the 2008 “flight-to-safety” and (ii) the 2014-2015 “requests for quotations” technology developments. Further, yield spreads for bonds of different credit ratings respond differentially to shocks in liquidity provision by dealers and customers. My empirical identification strategy for the SVAR is motivated using a theoretical model of decentralized liquidity provision.

- Presented at 2020 AFA Ph.D. Student Poster Session (Scheduled) and the 17th Paris December Finance Meeting (Scheduled)

“Recovery” (with Gurdip Bakshi and Xiaohui Gao) [\[SSRN\]](#)

We consider an approach to derive the conditional expectation of return quantities under the real-world probability measure, exploiting the form of the projected stochastic discount factor. Our treatment is formulaic in that the expectation can be synthesized from the prices of the risk-free bond, the asset, and options on the asset. The method is free of distributional assumptions, and we use it to study empirical questions related to (i) conditional probability of a disaster and return upside and (ii) spanning hypothesis in the Treasury market. We examine the empirical consistency of our approach and show that our treatment is relevant.

- Presented at 2018 Midwest Finance Association meetings

“Predicting Equity Returns Using Oil Prices: The Differential Role of Supply and Demand shocks” (with Haibo Jiang and Georgios Skoulakis) [\[SSRN\]](#)

Based on data until the mid-2000s, oil price changes were shown to predict international equity index returns with a negative predictive slope. Extending the sample to 2015, we document that this relationship has been reversed over the last ten years and therefore has not been stable over time. We then posit that oil price changes are still useful for forecasting equity returns once complemented with relevant information about oil supply and global economic activity. Using a structural VAR approach, we decompose oil price changes into oil supply shocks, global demand shocks, and oil-specific demand shocks. The hypothesis that oil supply shocks and oil-specific demand shocks (global demand shocks) predict equity returns with a negative (positive) slope is supported by the empirical evidence over the 1986-2015 period. The results are statistically and economically significant and do not appear to be consistent with time-varying risk premia.

“Market Return Predictability and Industry Linkages” (with Lorenzo Garlappi and Georgios Skoulakis)

It has been suggested in the existing literature that individual industry portfolios contain information useful for predicting aggregate market returns. We empirically revisit this hypothesis while properly accounting for well-established variables that have been shown to capture time-varying risk premia. We document that, at conventional levels of statistical significance, no industry shows incremental predictive ability consistently in terms of in and out-of-sample statistical evidence and economic significance. While we do find some evidence of cross-industry predictability, this effect is concentrated on small capitalization/low analyst coverage industries and is not pervasive enough to have implications for aggregate market predictability as suggested by the previous literature.

TEACHING INTERESTS

FinTech, financial data analytics, investments, portfolio theory, derivatives, corporate finance, and international finance.

PRESENTATIONS

2020 AFA Ph.D. Student Poster Session, Jan 2020 (Scheduled)
The 17th Paris December Finance Meeting, Dec 2019 (Scheduled)
Brownbag, University of Maryland, College Park, May 2019
Brownbag, Temple University, May 2019
SEC doctoral symposium, May 2018
Brownbag, University of Maryland, College Park, May 2018
Brownbag, University of Maryland, College Park, Mar 2017

CONFERENCE DISCUSSIONS

MFA Annual Meeting, 2019 Chicago

TEACHING EXPERIENCE

Instructor	
BMGT 448 Quantitative Financial Analysis (23 students, rating 3.46/4)	2017
Teaching Assistant	2014-2019
BUFN 758N Financial Econometrics	
BMGT 761 Derivative Securities	
BUFN 763 Portfolio Management	
BUFN 764 Quantitative Investment	
BMGT 448C/442F Advanced Portfolio Management	
BMGT 343 Investments	

ADDITIONAL INFORMATION

Computer Skills: Python; MATLAB; SAS; R; Stata

REFERENCES

Russ Wermers (Co-Chair)
Professor of Finance
Dean's Chair in Finance
University of Maryland
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Albert "Pete" Kyle (Co-Chair)
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