Yue Shen

Assistant Professor (full-time non-tenure track)

Department of Finance, Information Systems, and Management Science
Sobey School of Business
Saint Mary's University
Sobey Building SB103
923 Robie Street,
Halifax, Nova Scotia, Canada B3H 3C3

Phone: (902) 496-8744
Email: yue.shen@smu.ca
Web: http://www.smu.ca/research/profiles/faculty-bio.html?p1=-134765177&p2=6&p3=2

Education

Ph.D.	Economics	Queen's University	July 2015
M.A.	Economics	Queen's University	2007
Qualifying year of M.A.	Economics	University of Windsor	2005
B.A.	Civil Engineering	Tsinghua University	1997

Major Fields of Concentration

Microeconomics, Financial Economics, Asset Bubbles, Financial Stability, Network Theory, Game Theory

Teaching Experience:

Saint Mary's University

FINA 2360 Business Finance I, Instructor, Fall 2015

FINA 3361 Business Finance II, Instructor, Fall 2015

Queen's University

Econ 212 Microeconomic Theory I, Instructor, Winter 2015

Western University (University of Western Ontario)

Econ 3353A International Finance, Instructor, Fall 2014

Teaching Interests

Economics:	Microeconomics, Public Economics, Industrial Organization, Game Theory, Econometrics and Macroeconomics
Finance:	Finance Theory, Corporate Finance, Investment and International Finance

Job Market Paper

"The Impact of Capital Gains Tax and Transaction Cost on Asset Bubbles"

Working Papers

"Contagion of Fire Sale on Security-Trader Network"

"A Comparative Analysis Between Asset Bubbles and Auctions"

"Can Stock Indices Be Made Better At Predicting Financial Contagion - A Network Model"

"Coordination Risk and Sequential Search on Asset-Agent Network"

References

Department of Economics, Queen's University FAX: (613) 533-6668

James Bergin (Advisor)	(613) 533-2273	berginj@econ.queensu.ca
Frank Milne (Advisor)	(613) 533-6494	milnef@econ.queensu.ca
Ruqu Wang	(613) 533-2272	wangr@queensu.ca

Department of Economics, Western University FAX: (519) 661-3666

Peter Streufert (on teaching)	(519) 661-2111 Ext. 85384	pstreuf@uwo.ca

Honors and Awards

2011-2012	JDI PhD Stipend, Queen's University
2011-2012	CEA Travel Grant, , Canadian Economics Association
2010-2011	W. Edmund Clark Tuition Award, Queen's University
2008-2009	E. Gay Mitchell Fellowship, Queen's University
2007-2011	Queen's Graduate Award, Queen's University

Presentations

48th Annual Conference of the CEA, Simon Fraser University, May 30-June 1, 2014

International Monetary and Financial Economics Workshop, Ryerson University, October 20-21, 2011

CEQURA Conference on Advances in Financial and Insurance Risk Management, Ludwig Maximilians University, September 19-21, 2011

45th Annual Conference of the CEA, University of Ottawa, June 2-5, 2011

Mathematical Finance Days, HEC Montreal, May 9-11, 2011

Discussion

45th Annual Conference of the CEA, University of Ottawa, 2011

Employment

2015-present	Assistant Professor, Saint Mary's University	Halifax, Canada
2003-2005	Programmer Analyst & System Administrator, Surekam Corporation	Beijing, China
1999-2002	Programmer Analyst, Beijing Zhongke Fulong Computer Technology	Beijing, China
1997-1998	Civil Engineer, Engineering Section, Chevalier Group	Shanghai, China

Other Information

Citizenship: China, Canadian Permanent Resident

Language: English (fluent), Chinese (native)

Software Skills: Matlab, C++, Maple, Ox, Tsp, Linux, SQL, Excel, LaTex

Research Papers

"The Impact of Capital Gain Taxes and Transaction Costs on Asset Bubbles" (Job Market Paper)

In this paper we evaluate the effects of taxes and transaction costs on asset bubbles. We construct a model of asset bubbles by incorporating purchase into the framework of Abreu and Brunnermeier (2003) so that capital gains can be evaluated. We find that the capital gain tax has no effect on the size of the bubble when there is perfect capital loss tax credit, and the bubble size is decreasing in the capital gain tax when there is no tax credit. Therefore dealing with bubbles with the capital gain tax not only requires imposing the tax, but also requires tightening the policies on tax credit. In addition, the size of the bubble is decreasing in the transaction cost and the return from outside option. This implies that central banks' low interest policies could induce bubbles in, for instance, real estate and stock markets. To show that our model can potentially be tested, we explore several historical bubbles and identify their actual sizes from data. After normalization, we compare these actual sizes of bubbles and fit them into theoretical results derived from the model.

"Contagion of Fire Sale on Security-Trader Network"

Abstract: This paper studies the contagion of bankruptcy through downward price pressure among investors with overlapping portfolios. I calculate the probability of an extensive contagion and the expected bankruptcy rate during such a contagion. System-wide contagion happens only when the diversification of portfolios is in a certain range and. The system exhibits a robust-yet-fragile tendency: when portfolios are relatively well diversified, the probability of a crisis may be small, but the spread of contagion can be extremely extensive, if it happens. This extreme consequence is related to the gradual erosion to investors by multiple rounds of downward price impact, which implies the importance of early government interventions after the initial outbreak of a contagion.

"Can Stock Indices Be Made Better At Predicting Financial Contagion - A Network Model"

Abstract: When distressed traders are subject to regulatory solvency or leverage constraints, they have to liquidate their positions quickly. These fire sales will depress the asset prices and other shareholders will incur mark-to-market losses. If the losses are large enough, these other shareholders may also have to liquidate, and the liquidation can spread out and become contagious over the financial markets. This paper explores the process of contagion of this type across asset markets through the price effect, which distinguishes from the contagion of default (counterparty risk) in the existing literature of financial contagion. The complex financial markets are depicted by random graph-based bipartite networks, which allow for multiple assets and multiple agents with arbitrary portfolios. By using a analytical/numerical hybrid method, as well as simulations, we show that prices of thinly-held assets (assets with only a few shareholders) tend to drop earlier and faster than thickly-held assets at the early stages of a contagion (if a contagion were to happen). If this is treated as a signal, then this signal can predict an extensive contagion of fire sale fairly accurately. This suggests that a new type of stock indices which include only low degree assets should be composed, and it may help policymakers and investors respond to financial crises in a timely manner. I also examine the price dynamics of thinly/thickly-held assets in the formation of bubbles and contagion of boom, which is the reverse process of contagion of fire sales.

"Coordination Risk and Sequential Search on Asset-Agent Network"

Abstract: This paper investigates the coordination among investors on the fundamental value of assets that are affected by underlying macroeconomic conditions. Each investor receives private signals, infer others' information and decide whether hold or sell repeatedly, which constitutes a dynamics global game. When investors are interconnected by their overlapping portfolios on many assets, their decisions on coordination game on each asset can become contagious and their beliefs about the underlying macroeconomic conditions converge. In equilibrium, investors gradually learn the economy state and their coordination in turn confirms and strengthens this state.