YUJING GONG

Systemic Risk Centre
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EMPLOYMENT

London School of Economics (LSE), Systemic Risk Centre, UK   2021-present
  - Postdoctoral Research Officer

EDUCATION

University of Warwick, UK   2016-2021
  - Ph.D. in Finance and Econometrics
  - Thesis: Essays on Commodity and Foreign Exchange Derivatives
  - Advisors: Dr. Gi H. Kim and Dr. Arie E. Gozluklu

University of York, UK   2014-2016
  - M.Sc. in Financial Engineering

Chongqing Technology and Business University, China   2010-2014
  - B.A. in Finance

RESEARCH INTERESTS

Empirical Asset Pricing, Derivatives, Commodity and FX Market, Tail Risk, Climate Finance

ACADEMIC REFERENCES

Jean-Pierre Zigrand
Associate Professor of Finance
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London School of Economics
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Associate Professor of Finance
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JOB MARKET PAPER

Spreading Pressure and the Commodity Futures Risk Premium *joint with Arie E. Gozluklu and Gi H. Kim*

Abstract: This paper investigates the impact of trading on the commodity futures risk premium. We focus on intra-commodity spreading positions, and study the asset pricing implications of spreading pressure (SP), that is, spreading positions scaled by open interest, on the cross-section of commodity futures returns. We document that SP negatively predicts futures excess returns. We propose a SP factor, a long-short portfolio based on SP that is priced in the commodity futures market, even after controlling for well-known factors. Our empirical tests show that the SP factor is linked to both economic fundamentals and market frictions that are introduced via commodity index investments.

Selected presentations: AFA 2020, WFA 2020, CFTC Seminar, JPMCC 2021

WORKING PAPERS

1. **Exchange Rates and Binary Political Events** *joint with Pedro Venturi, Alex Ferreira and Arie E. Gozluklu (**R&R Oxford Economic Papers**)*

   Selected presentations: Brazilian Economics Meeting 2017, the University of São Paulo

2. **Risk-Corrected Probabilities of a Binary Event** *joint with Alex Ferreira and Arie E. Gozluklu*

      Selected presentations: AFBC 2021, FMA 2022 (Semi-finalist Best Paper)

3. **Less Disagreement, Better Forecasts: Adjusted Risk Measures in the Energy Futures Market** *joint with Xiaohan Xue and Ning Zhang*

      Selected presentations: AFBC 2022

4. **Empirical Performance of Alternative Pricing Models of Energy Futures and Options**

PRESENTATIONS (* INDICATES PRESENTATION BY COAUTHOR)

2022: AFBC (Sydney, scheduled), FMA (Atlanta), EFMA (Roma), 29th Finance Forum (AEFIN)*, European FMA (Lyon), LSE Systemic Risk Centre Seminar*

2021: CFE (London), AFBC(Virtual), J.P. Morgan Center for Commodities 2021 Symposium (JPMCC)*, 28th Finance Forum (AEFIN)*

2020: WFA(Virtual)*, AFA Poster Session (San Diego), Commodity Futures and Trading Commission (CFTC) Seminar*, Warwick Business School Seminar

2019: Lancaster/Warwick (LaWa) PhD Workshop

TEACHING EXPERIENCE

Teaching Assistant for Undergraduate Level
    - Investment Management (2018, 2020)

Teaching Assistant for Postgraduate Level
    - C++ for Quantitative Finance (2019, 2020), Research Methodology (2017, 2020), Research Methodology for Financial Management (2017, 2020), Asset Pricing (2017), Investment Management (2017)

CERTIFICATES & AWARD

FMA Semi-finalist for Best Paper in Options & Derivatives	2022
AFA 2020 Ph.D. Student Travel Grant	2020
Warwick Business School Ph.D. Scholarship (2016-2020)	2016
CFA level II (Pass)	2016
M.Sc with Distinction, University of York	2016

COMPUTER SKILLS

Programming Languages	C++, C, REST API
Software	Matlab, Eviews, Stata, Latex, Lyx
Databases	Bloomberg, Thomson Reuters Tick History (TRTH), WRDS, Thomson Reuters Eikon

LANGUAGE

Chinese (native), English (fluent)

PERSONAL INFORMATION

Full name: Yujing Gong
Date of birth: 05/November/1992
Citizenship: Chinese

Exchange Rates and Binary Political Events   *joint with Pedro Venturi, Alex Ferreira and Arie E. Gozluklu (R&R Oxford Economic Papers)*

Abstract: This paper introduces a rational expectations model that explains exchange rate dynamics and predictable forecast errors using private (aggregated via order flow) and public (probabilities of a binary event) information. We test the model for the periods leading up to the presidential impeachment vote in Brazil, the Brexit Referendum, and Donald Trump's election in 2016. Proxies of the physical probabilities of these events reveal that they are a crucial source of pricing information for the BRL, GBP, and MXN currency pairs with the USD. They also explain forecast errors. The information content of order flow changes before and after an actual regime change resolves uncertainty.

Risk-Corrected Probabilities of a Binary Event   *joint with Alex Ferreira and Arie E. Gozluklu*

Abstract: We obtain risk-neutral probabilities of the Brexit referendum using data from both the options and prediction markets. We then provide a risk-corrected measure of these probabilities using both non-parametric and parametric methods. While former correction marginally changes the risk-neutral probability, the effect of the latter depends on relative wealth calibration and risk preferences. We estimate subjective Brexit probabilities from past opinion polls and provide daily estimates of voting intention to leave from the BES survey. By comparing the subjective probabilities with our risk-corrected measures, our results show that both FX option and prediction market participants are likely to reveal moderate risk seeking preferences before the Brexit referendum.

Less Disagreement, Better Forecasts: Adjusted Risk Measures in the Energy Futures Market   *joint with Xiaohan Xue and Ning Zhang*

Abstract: This paper develops a generic adjustment framework to improve on the market risk forecasts of diverse risk forecasting models, which indicates the degree to which risk is under- and overestimated. In the context of the energy commodity market, a market in which tail risk management is of crucial importance, the empirical analysis shows that after this adjustment framework is applied, the forecasting performance of various risk models generally improves, as verified by a battery of backtesting methods. Additionally, our method also lessens the risk model disagreement among post-adjusted risk forecasts.

Empirical Performance of Alternative Pricing Models of Energy Futures and Options

Abstract: This paper proposes a new comprehensive option pricing model to fit the empirical features in commodity markets, time-vary skewness. Compared with the option pricing model proposed by Trolle and Schwartz (2009), the pricing performance of our new comprehensive model is significantly improved by capturing stochastic skewness on the crude oil market. We find option unspanned risk is lower during 2014-2017 than 1998-2006 (Trolle and Schwartz, 2009). The total volatility is dominated by the left tail volatility in the short-term, and contributed by the volatility in both left tail and right tail in the long-term. Even though the variations of volatility in short-term and long-term are no significant difference, investors avoid the short-term variations of volatility, but not avoid the long-term one.