BaruchCOLLEGE
ZICKLIN SCHOOL OF BUSINESS
Weissman Center for International Business
CUNY

西南财经大學
SOUTHWESTERN UNIVERSITY OF FINANCE AND ECONOMICS

The Annual Baruch College/CUNY
Southwestern University of Finance and Economics (SWUFE)
Research Symposium

Tuesday, May 27, 2025
Baruch College, CUNY
55 Lexington Avenue, Room 14-270

About the Program

The Baruch College/SWUFE Research Consortium was established over a decade ago. Its goal is to deepen the research ties between our two great universities by encouraging joint research projects and through the exchange of visiting scholars. A key event is the annual Baruch/SWUFE research conference. Over the years, this annual conference has facilitated dozens of research collaborations, which in turn have resulted in numerous publications.

Agenda

10:00-10:15 **Opening Remarks**
Bruce Weber, Willem Kooyker, Zicklin School of Business

10:15-12:30 ***Weathering the Storm: The Impact of Natural Disasters on Household Financial Decisions and the Role of Government Safety Nets***
Maggie Rong Hu, Assistant Professor, William Newman Department of Real Estate, Baruch College

A Letter to the Shareholders: Evidence from China A listed Companies
Bofu Deng, Professor, Assistant Dean Accounting Department, School of Accounting, SWUFE

How Wash Traders Exploit Market Conditions in Cryptocurrency Markets
Hunter Ng, PhD Candidate in Accountancy, Baruch College

12:30-1:30 **Lunch** in room 14-269

1:30-3:45 ***Private Information Sharing in the M&As: Evidence from Merger Contracts***
Zhiyuan Tu, Assistant Professor Accounting Department, School of Accounting, SWUFE

High-Frequency, Forward-Looking Climate Risk: A Novel Measure for Predicting Firm Performance
Yukun Liu, PhD Candidate in Finance, Baruch College

For more information, please contact organizers at Baruch College's Zicklin School of Business via email to
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Is the Bank Monetary Policy Conduit Clogged? An Empirical Study of Bank Liquidity Provision During Quantitative Easing and Quantitative Tightening
Jingdan Liu, PhD Candidate in Finance, Baruch College

3:45-4:00 **Break**

4:00-5:30 ***Crypto Risk in the Financial System***
Hengguo Da, Assistant Professor Financial Management Department, School of Accounting, SWUFE

What Does ChatGPT Make of Historical Stock Returns? Extrapolation and Miscalibration in LLM Stock Return Forecasts
Dexin Zhou, Associate Professor, Bert W. Wasserman Department of Economics and Finance

Abstracts (in presentation order)

Weathering the Storm: The Impact of Natural Disasters on Household Financial Decisions and the Role of Government Safety Nets
Maggie Rong Hu, Assistant Professor, William Newman Department of Real Estate, Baruch College (joint with Lin Peng, ZSB)

We analyze how natural disasters influence household investment decisions and examine the role of government policies in mitigating these effects. Using a comprehensive household survey spanning 2011 to 2019, we find that experiencing natural disasters significantly reduces households' propensity to participate in the stock market and decreases the proportion of their stock investments. These effects are particularly pronounced among poor, uninsured households and those with limited financial literacy. However, the adverse effects are substantially mitigated with the implementation of government sponsored disaster and medical insurances, by 58% to 75%. The results are robust to falsification tests, instrumental variable analysis, subsample analysis, and matched sample analysis. These findings provide new insights into the role of government safety nets in mitigating the economic consequences of disaster shocks on household decision-making.

A Letter to the Shareholders: Evidence from China A listed Companies
Bofu Deng, Professor, Assistant Dean Accounting Department, School of Accounting, SWUFE (joint with Jingyu She, SWUFE and Yahao Dong, Chengdu University of Technology)

Enhancing the quality of information disclosure by listed firms remains a key objective in capital market reform. Enhancing disclosure mechanisms for key corporate insiders through institutional design is a viable approach. It helps strengthen the inherent stability of capital markets. This study focuses on the issuance of share-holder letters by listed firms and investigates, from the perspective of financial analysts, how standalone disclosures by controlling shareholders affect information users in capital markets. We find that shareholder letters significantly increase analyst attention, and this result holds under various robustness tests, including those addressing endogeneity concerns. Mechanism analysis shows that the effect is driven not only by higher investor demand for information, also by analysts' increased willingness to supply coverage. Further analysis of shareholder letter characteristics and analyst behavior reveals that letters signed by the board chair and those with greater length at-tract more analyst attention. In addition, shareholder letters primarily increase coverage by non-star analysts and significantly improve analyst forecast accuracy. This study contributes to the literature on voluntary disclosure and provides implications for promoting the high-quality development of China's capital markets.

How Wash Traders Exploit Market Conditions in Cryptocurrency Markets
Hunter Ng, PhD Candidate in Accountancy, Baruch College

Wash trading, the practice of simultaneously placing buy and sell orders for the same asset to inflate trading volume, has been prevalent in cryptocurrency markets. This paper investigates whether wash traders in Bitcoin act deliberately to exploit market conditions and identifies the characteristics of such manipulative behavior. Using a unique dataset of 18 million transactions from Mt. Gox, once the largest Bitcoin exchange, I find that wash trading intensifies when legitimate trading volume is low and diminishes when it is high, indicating strategic timing to maximize impact in less liquid markets. The activity also exhibits spillover effects across platforms and decreases when trading volumes in other asset classes like stocks or gold rise, suggesting sensitivity to broader market dynamics. Additionally, wash traders exploit periods of heightened media attention and online rumors to amplify their influence, causing rapid but short-lived spikes in legitimate trading volume. Using an exogenous demand shock associated with illicit online marketplaces, I find that wash trading responds to contemporaneous events affecting Bitcoin demand. These results advance the understanding of manipulative practices in digital currency markets and have significant implications for regulators aiming to detect and prevent wash trading.

Private Information Sharing in the M&As: Evidence from Merger Contracts
Zhiyuan Tu, Assistant Professor Accounting Department, School of Accounting, SWUFE (joint with Carol Marquardt, ZSB and Monica Neamtiu, ZSB)

Private information sharing in M&As: evidence from merger contracts" Abstract: This study examines how acquirers and targets use contracted disclosures to address information asymmetry problems in M&As. We rely on a novel dataset of merger contracts and use a certain contract feature (i.e., representations and warranties related to high proprietary cost topics) to capture the extent of private information sharing between acquirers and targets. We find that parties are more likely to rely on contracted private disclosures instead of ad hoc information requests when the acquirer faces greater information asymmetry. We also find that the contracting parties' more extensive commitment to sharing proprietary information via proprietary-topic representations and warranties is associated with better acquisition decisions. This association is stronger when target firm disclosures are less transparent in the pre-merger periods. Our findings show how private disclosures negotiated in merger contracts can supplement publicly disclosed financial information to help acquirers mitigate information problems, especially in cases where public disclosure is weaker. This study contributes to the literature on the role of various internal and external mechanisms in reducing information problems in M&A transactions. It also contributes to the emerging literature that studies the determinants and consequences of contracted private disclosures and to the literature on the role of financial disclosure in M&As more generally.

High-Frequency, Forward-Looking Climate Risk: A Novel Measure for Predicting Firm Performance
Yukun Liu, PhD Candidate in Finance, Baruch College (joint with Lin Peng, ZSB)

We propose a novel news-based measure of firm-level climate risk exposure (CNews) and examine it relationship with firm stock returns and future performances. A long-short portfolio based on CNews generates a cumulative abnormal return of 67 bps in the month that follows. The results remain robust after controlling for existing return predictors and other climate risk measures. Furthermore, a high CNews also predicts disappointing future earnings, higher probability of environmental incidents and higher climate related discussion in conference call. These findings suggest that the news-based measure contains relevant information about a firm's climate risk exposure that has not been fully incorporated into the stock market.

Is the Bank Monetary Policy Conduit Clogged? An Empirical Study of Bank Liquidity Provision During Quantitative Easing and Quantitative Tightening
Jingdan Liu, PhD Candidate in Finance, Baruch College

This paper exploits exogenous liquidity demand shocks in the wake of natural disasters to detect the ongoing role of banks as marginal liquidity providers and as conduits for monetary policy. Using the Liquidity Mismatch Index (Journal of Finance 2017), we measure the bank's increase in marginal liquidity during the six months following natural disasters. This liquidity supply initially takes the form of increases in demandable deposits and other liquid liabilities during the focal disaster quarter, and increases in long-term lending during the following quarter, with return to pre-disaster levels in the second quarter following the natural disaster. Banks' marginal liquidity provision has beneficial effects on local economic conditions, with increases in the growth rate of employment with particular gains in the construction industry. Overall, improvements in local economic conditions last beyond the six month liquidity provision period and yield local advantages lasting beyond the final quarter of banks' marginal liquidity provision. Applying these results, we find that banks sluggishly transmit central bank monetary policy via liquidity provision during unconventional monetary policy periods. During periods of quantitative easing, banks' liquidity responses were smaller and delayed, suggesting that aggressive monetary policies crowd out private bank liquidity provision.

Crypto Risk in the Financial System

Hengguo Da, Assistant Professor Financial Management Department, School of Accounting, SWUFE
(joint with Ndackyssa Oyima-Antseleve, Cal State Polytechnic University)

In this paper, we trace how crypto risk transmits to systemic risk within the financial system. First, we measure crypto risk and crypto-driven systemic risk at the financial firm level. Using these metrics, we show that firm-level crypto risk has been rising significantly in recent years and leads to greater systemic risk exposure and transmission, through different channels. Specifically, crypto risk affects systemic risk exposure through both blockchain technology and asset-class channels but elevates systemic risk transmission mainly via the blockchain technology channel. Notably, financial firms' management tends to overlook the transmission of risk through the blockchain technology channel. Our findings highlight the multifaceted nature of crypto risk and underscore the importance of a global regulatory framework.