

Jasmine Xiao

November 2016

Address University of Cambridge
Faculty of Economics
Sidgwick Avenue
Cambridge, CB3 9DD
United Kingdom

Phone +44 (0)7887 957 117
Email yjx20@cam.ac.uk
xiao.yujasmine@gmail.com
Webpage <http://xiaojasmine.wordpress.com>

Placement Information

Placement Director

Professor Kaivan Munshi

Phone: +44 (0)1223 335 240

Email: munshi@econ.cam.ac.uk

Placement Assistant

Louise Cross

Phone: +44 (0)1223 335 206

Email: lc100@cam.ac.uk

Fields of Specialization

Macroeconomics, Financial Economics, Firm Dynamics

Education

2017 (expected) Ph.D. Economics University of Cambridge

Dissertation: "Firm Heterogeneity, Financial Frictions, and Investment Dynamics"

Expected Completion Date: May 2017

References:

Prof. Giancarlo Corsetti (Supervisor)

University of Cambridge

Phone: +44 (0)1223 335 235

Email: giancarlo.corsetti@gmail.com

Dr. Vasco Carvalho

University of Cambridge

Phone: +44 (0)1223 335 389

Email: vmcarvalho.web@gmail.com

Dr. Pontus Rendahl

University of Cambridge

Phone: +44 (0)1223 331 567

Email: pontus.rendahl@gmail.com

Prof. Olivier Jeanne

Johns Hopkins University

Phone: +1 410 516 7604

Email: ojeanne@jhu.edu

2012 M.Phil. Economics University of Cambridge

2011 M.A. Economics University of Cambridge

Working Paper

"Corporate Debt Structure, Precautionary Savings, and Investment Dynamics", November 2016, *Job Market Paper*

Micro-level evidence indicates that firms which substituted bank loans with bond issues during the Great Recession did not experience a large contraction in their total borrowing, but they have been hoarding more cash and investing less than firms that did not substitute. This suggests that firms' balance sheet adjustment played a key role in the transmission of aggregate shocks. To evaluate the importance of this mechanism in the propagation of the Great Recession, I build a quantitative general equilibrium model of firm dynamics that jointly endogenizes the composition of borrowing on the liability-side, and the portfolio allocation between savings and investment on the asset-side. Bond issuances have lower intermediation costs than bank debt, but the latter can be restructured when firms are in financial distress. In response to a contraction in bank credit supply, firms substitute bank loans with bond issues and thus become more exposed to the risk of financial distress. This strengthens firms' precautionary incentive to increase cash holdings at the expense of investment, as they optimally trade-off growth against self-insurance via cash

holdings. Model simulations suggest that this “precautionary savings” channel can account for 40 percent of the decline in aggregate investment in the first two years of the Great Recession, and more than one-half of the decline in the following five years.

Work In Progress

“Debt Maturity, Firm Dynamics, and Business Cycles”

“Debt Substitution and the Propagation of Financial Shocks: Firm-Level Evidence from the Great Recession”

Teaching Experience

Teaching Assistant, Faculty of Economics, University of Cambridge

2015–17 Advanced Macroeconomics (M.Phil., M220)

 Lecturers: G. Corsetti & P. Geraats; Evaluation: 4.75/5.0 (2015-16)

2013–15 Macroeconomics (M.Phil. core, M200)

 Lecturers: T. Calvacanti & P. Geraats; Evaluation: 4.7/5.0 (2013-14) & 4.5/5.0 (2014-15)

Supervisor, Trinity College & King’s College, University of Cambridge

2015–16 Money Banking & Finance (B.A., Tripos Part IIB, Paper 6)

2012–13 Macroeconomics (B.A., Tripos Part I, Paper 2)

Research and Professional Experience

2014 The International Monetary Fund, Washington DC, U.S.

Summer Intern, Monetary and Capital Markets Department

2013 The World Bank, Washington DC, U.S.

Short-Term Consultant, The Development Economics Prospects Group (DECPG)

2012-14 Faculty of Economics, University of Cambridge

Research Assistant to Professor Giancarlo Corsetti

2010 Goldman Sachs, London, U.K.

Summer Intern, Financial Institutions Group of the Investment Banking Division

2009 The People’s Bank of China, Beijing, China

Summer Intern, Macroeconomics Division of the Research Bureau

Policy Research

“Domestic and Foreign Mutual Funds in Mexico: Do They Behave Differently?”, International Monetary Fund Working Paper No. 15/104, 2015. IMF link.

“Mexico: Selected Issues Paper”, with Jorge Alvarez, Han Fei, Phil de Imus, Fabian Valencia, and Jianping Zhou. International Monetary Fund Country Report No.14/320, 2014. IMF link.

Honors and Awards

2014-17 Faculty of Economics Raymond Burton & Wrenbury Scholarships

2014-15 Cambridge-INET Institute Student Scholarship

2014 Faculty Prize for Best Teaching Assistant

2014 Cambridge University Student Union Teaching Excellence Award

2011-12 Cambridge Overseas Trust Scholarship

2011-12 Trinity College (Cambridge) Internal Graduate Scholarship

2011 Trinity College (Cambridge) Sir Dennnis Robertson Dissertation Prize

2009-11 Trinity College (Cambridge) Junior & Senior Scholarships for Tripos Exams Performance

Personal Information

Date of Birth: 7th December 1988

Citizenship: Chinese

Languages: English (Fluent), Chinese (Native), French (Intermediate)