Yunrong Zhou

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Education

Purdue University — West Lafayette, IN
Ph.D. in Finance — 2020 – 2026 (expected)

University of Illinois at Urbana and Champaign — Champaign, IL
M.S. in Financial Mathematics — 2017 – 2019

Jilin University — Changchun, China
B.S. in Finance — 2013 – 2017

Research

Behavioral Finance, Empirical Asset Pricing, AI in Natural Language Processing, Household Finance

Working papers

Risk Perceptions and Compensation (Job Market Paper)

Abstract: This paper studies subjective risk perceptions by constructing and examining a novel dataset linking corporate bond analysts' recommendations to their textual comments. Two stylized facts emerge: (i) bond analysts favor higher-yielding, riskier bonds only in higher-rated categories, even when fundamentals are comparable; (ii) perceived credit risk extracted from analysts' comments predicts subsequent credit deterioration, but is not reflected in their recommendations for higher-rated bonds. These patterns hold across investor types and client and non-client issuers, suggesting that catering to investors, or catering to clients do not fully explain the results. Rather, the evidence supports categorical thinking: analysts infer from credit rating categories instead of rational Bayesian updating, leading them to underweight their perceived bond-specific risks for purportedly safe bonds. Analyst recommendations earn positive alphas only in lower-rated bonds.

Selected Presentations: Purdue University (2025), FMA Ph.D. poster (2025, scheduled), Sydney Banking and Financial Stability Conference (2025, scheduled), 19th International Behavioural Finance Conference (2025, scheduled)

Two Tales of Return Expectations
With Huseyin Gulen, Yan Liu, Nan Yang

Abstract: We investigate the extent to which expectations of both individual stock returns and stock index returns implied from option prices are extrapolative. We use option-implied bounds as our proxy for option traders' expectations for future stock returns. We find that the option-implied expectation bounds actually load negatively on past returns and that this behavior is in line with future stock return realizations, suggesting that the behavior of investors trading in the option markets is consistent with rational expectations. We also document that approximately 60% of mutual fund managers trade in the same direction as the option-implied expected returns.

Selected Presentations: 2023 Purdue University

Unemployment Insurance Fraud in the Debit Card Market
With Umang Khetan, Jetson Leder-Luis, Jialan Wang
Revise & Resubmit: AEJ: Economic Policy

Abstract: We study fraud in the unemployment insurance system using a dataset of 35 million debit card transactions. We apply machine learning techniques to cluster cards corresponding to varying levels of potentially fraudulent activity. We then conduct a difference-in-differences analysis based on the staggered adoption of state-level identity verification systems between 2020 and 2021 to assess the effectiveness of screening technologies for reducing fraud. Our findings suggest that identity verification reduced payouts to suspicious cards by 27%, while leaving non-suspicious cards largely unaffected. Our results indicate that screening may be an effective mechanism for mitigating fraud in large public benefits programs.

Selected Presentations: NBER Public Economics (2025), MFA (2024), Purdue Brownbag (2024), AEA (2024), NBER Innovative Data in Household Finance (2023), MIT Rising Scholars Conference (2023), FMA (2023), Georgetown University

Work in progress

Market Segmentation, with Huseyin Gulen, Shuaiyu Chen, Stefano Rossi

Teaching

Instructor

Investment Management (Advanced Undergraduate course)	2022 Fall
Krannert Certificate for Outstanding Teaching	

Teaching Assistant

Investments for Prof. Huseyin Gulen (Ph.D. course)	2024 Fall
Investments for Prof. Huseyin Gulen (Undergraduate course)	2020 – 2024 Fall
Financial Management for Prof. Yan Liu (MBA course)	2022, 2023 Summer
Financial Management Prof. Huseyin Gulen (MBA course)	2023 Spring
Corporate Finance for Prof. Ha Diep-Nguyen (Undergraduate course)	2021 Fall

Awards & Honors

NBER Travel Fund	2024
Krannert Certificate for Outstanding Teaching, Purdue University	2022
Krannert Doctoral Research Funds, Purdue University	2024
Krannert Award for Doctoral Study in Finance, Purdue University	2020-2026

Languages & Skills

Languages: English (fluent), Chinese (native)
Skills: Stata, Python, SAS, R, Matlab

Seminars & Conferences

2025: NBER Public Economics*(2025), Purdue University, FMA Ph.D. poster (2025, scheduled), Sydney Banking and Financial Stability Conference (2025, scheduled), 19th International Behavioural Finance Conference (2025, scheduled)

2024: Purdue University, MFA, AEA*(2024)

2023: Purdue University, FMA, NBER Innovative Data in Household Finance*(2023)

2022: Purdue University

References

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