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RESEARCH Asset Pricing, Behavioral Finance, Financial Frictions, Empirical Industrial Organization, Computational
INTEREST Economics

EDUCATION **California Institute of Technology, Pasadena, CA**

- Ph.D. in Economics, June 2018 (Expected)
Committee: Lawrence J. Jin, Jaksza Cvitanic, Colin F. Camerer, Matthew Shum

Renmin University of China, Beijing, China

- M.S. in Quantitative Economics, June 2013
- B.A. in Finance and B.S. in Mathematics (Minor), July 2011

WORKING
PAPERS

1. **Time-varying Impact of Investor Sentiment** (Job Market Paper)

I present a dynamic equilibrium model of investor sentiment in which investors form beliefs by overly extrapolating past returns. The key contribution of this paper is that I connect mispricing with the market impact of extrapolators, and provide novel insights into the predictability of returns in the market. When their wealth level is high, extrapolators drive the asset prices. In this case, high investor sentiment makes the current asset overvalued, and future asset prices will decline because investor sentiment will cool down over time. Therefore, investor sentiment negatively predicts future market returns. When their wealth level is low, investor sentiment positively predicts future returns since the market is under a price correction. I find strong empirical support for this predictive pattern in the data.

2. **Dark Matter of Finance in the Survey**

How do investors form perceptions of tail risks? I use survey data to investigate this question. To check the reliability of survey information, I document that different types of investor belief surveys contain mutually supportive information—variations in investors' perceived tail event probability are well explained by changes in investor expectations in the surveys, up to 76%. Moreover, relying on Shiller tail risks survey, I demonstrate that return extrapolation explains variations not only in investors' perceived expectations but also in perceptions of tail risks. My finding points to the usefulness of return extrapolation in understanding a broader set of investor belief patterns.

3. **Asset Pricing with Return Extrapolation** (with Lawrence J. Jin)

Presented at: Finance Down Under Conference 2018 (scheduled), NBER Behavioral Finance Working Group Meeting 2017; Caltech; Maastricht University; Tilburg University; University of California, Irvine; the Young Economists Symposium at Yale; the Caltech Junior Faculty Behavioral Finance Conference

We offer the first return extrapolation model that can quantitatively explain the asset price dynamics in the aggregate market. Compared to the traditional asset pricing models based

on rational expectations, our model can simultaneously match investor extrapolative beliefs documented in the survey. Return extrapolation generates perceived persistence in dividend and consumption growths that, under recursive preferences, serves as an important source for discount rate variations and helps explain our model predictions.

WORK IN PROGRESS **Preference Amplification in Durable Goods Industries: Superstition in Housing Markets**
(with Matthew Shum)

RESEARCH ASSISTANCE **California Institute of Technology, Pasadena, CA, USA**
- to Matthew Shum: Winter 2016

TEACHING EXPERIENCE **California Institute of Technology, Pasadena, CA, USA**
- Investments ([BEM 104](#)): Winter 2017
- Options ([BEM 105](#)): Fall 2016, Fall 2015, Winter 2014
- Pricing Options With Mathematical Models ([edX Online Course](#)): Fall 2015, Fall 2016
- Applied Corporate Finance and Investment Banking ([BEM 107](#)): Spring 2016
- Introduction to Economics ([Ec 11](#)): Fall 2014
Renmin University of China, Beijing, China
- Advanced Topics in Econometrics, Summer 2012

PROFESSIONAL ACTIVITIES AND PRESENTATIONS - Yale Summer School in Behavioral Finance, June 2017
- Yale University Young Economists Symposium (invited discussant), August 2017
- NBER Behavioral Finance Working Group Meeting, November 2017

SELECTED FELLOWSHIPS AND AWARDS - Linde Fellowship, California Institute of Technology, 2016, 2017
- Linde Research Grant, California Institute of Technology, 2016 - 2017
- Travel Grant to the 7th Western Conference in Mathematical Finance in Austin, TX, 2015
- Institute Fellowship, California Institute of Technology, 2013 - 2014
- Outstanding Graduate Scholarship, Renmin University of China, 2012
- Best Undergraduate Thesis Award
- Outstanding Undergraduate Scholarship, Renmin University of China, 2009

REFERENCES

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