

# SINING LIU

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## ACADEMIC POSITIONS

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<b>Soochow University</b> Assistant Professor of Finance	2023-Present
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## EDUCATION

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<b>Faculty of Business and Economics, The University of Hong Kong</b> Ph.D. in Finance	2018 - 2023
<b>Olin Business School, Washington University in St.Louis</b> M.S. in Finance (Quant Program)	2015 - 2017
<b>School of Finance, Renmin University of China</b> B.A. in Economics	2011 - 2015

## RESEARCH INTEREST

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Asset Pricing, International Finance, Macro-Finance, Banking

## WORKING PAPERS

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### **Currency Risk under Capital Controls**(with Xiang Fang and Yang Liu)

**Abstract:** Currencies of emerging markets with stricter capital controls have lower average returns. These return spreads cannot be explained by traditional currency risk factors. The effect of capital controls is concentrated in debtor countries and is not present in currencies of advanced economies. The high-capital-control currencies depreciate less in times of high global risk, measured by VIX or currency implied volatility. This evidence is consistent with the macroprudential view of capital controls. We propose an equilibrium intermediary-based asset pricing model where a country borrows subject to an occasionally binding credit constraint. Capital controls can reduce the crises probability and mitigate the currency crashes in crisis times. The model quantitatively accounts for the empirical findings.

*Presented at 2024 CAFM, 2024 SFS Cavalcade AP, 2024 EEA, 2023 VAFX, 2023 WFA, 2023 NASMES, 2023 ABFER, 2023 HEC-McGill Winter Finance Workshop, 2023 FDU (CFAM-ARX Paper Award), 2022 EFA, 2022 CICF, 2022 CFRC, 2022 CICM, 2022 AMES Tokyo, 2022 AMES Shenzhen, 2022 AsianFA*

### **Dollar and Carry Redux**(with Thomas Maurer, Andrea Vedolin and Yaoyuan Zhang)

**Abstract:** Contrary to existing literature, we establish that two factors, dollar and carry, suffice to explain a large cross-section of currency returns with  $R^2$ s exceeding 80%. Our paper highlights the importance of accounting for time-variation in conditional moments. Unconditional estimations that ignore this time-variation mistakenly reject the two-factor model. We propose a parsimonious framework to estimate conditional currency factor models and provide testable restrictions. Our findings imply that currency markets are well described by a model in which (i) each country-specific SDF loads on one country-specific—dollar—and one global—carry—shock, and (ii) risk loadings are time-varying. Other risk factors proposed in the literature are useful to describe the time variation in dollar and carry factor risk premia.

*Presented at 2024 AsianFA, 2024 FIRS, 2024 SFS Cavalcade NA, 2023 CICF, 2022 AFBC*

### **Mandatory ESG Disclosure and Cost of Bank Loans**(with Wendi Huang)

**Abstract:** In this paper, we examine the impact of ESG regulation on firms' cost of bank loans. Employing a staggered Difference-In-Differences approach across more than 93 countries, we find that firms subject to mandatory ESG disclosure laws experience significantly lower loan spreads compared to firms not exposed to such regulation. This effect is particularly pronounced in Europe and high-income regions. Furthermore, we demonstrate that the reduction in borrowing costs associated with mandatory ESG disclosure is driven by the mitigation of information asymmetry between firms and banks.

### **ESG Regulation and Currency Return**(with Wendi Huang)

**Abstract:** Utilizing a staggered Difference-in-Difference approach across over 80 countries, we find that currencies of nations with stronger ESG regulations—proxied by the enactment of mandatory ESG disclosure laws—experience

significantly higher returns compared to those without such regulations. This positive effect is more pronounced in countries that had experienced less investor preference with net capital outflows prior to the implementation of ESG regulatory changes. We therefore argue that stringent ESG regulations attract investments from socially responsible investors globally, resulting in increased capital inflows, currency appreciation, and enhanced returns in foreign exchange markets.

### **Roles of Global Banks in Local Asset Markets under Regulations**

**Abstract:** Stronger regulations in fact enhance roles of global banks as marginal investors in the local asset markets. After the Global Financial Crisis, leverages of global banks become significant in predicting asset returns in local markets where their subsidiaries are located, while are muted in pre-crisis period. This transmission of roles of global banks is motivated by the positive funding advantage in local currency for dollar lenders through the FX swap market as a consequence of tighter balance sheet constraints imposed on global banks under the Basel III framework. For global banks with higher capital requirement, the effect of funding advantage is stronger. A two-bank two-currency model is proposed to justify the empirical findings.

## **PRESENTATIONS**

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### *Conferences*

#### **2024:**

19th Conference on Asia-Pacific Financial Markets (CAFM, Seoul)  
2024 SFS Cavalcade Asia-Pacific (Cavalcade AP, Seoul)  
39th European Economic Association (EEA, Rotterdam)  
36th Asian Finance Association Annual Meeting (AsianFA, Macau)  
2024 Financial Intermediation Research Society Conference (FIRS, Berlin)  
2024 SFS Cavalcade North America (Cavalcade NA, Atlanta)

#### **2023:**

2023 Vienna Symposium on Foreign Exchange Markets (VSFX, Vienna)  
2023 Western Finance Association (WFA, San Francisco)  
2023 Asian Bureau of Finance and Economic Research (ABFER, Singapore)  
2023 North America Summer Meeting of Econometric Society (NASMES, Los Angeles)  
10th HEC-McGill Winter Finance Workshop (Ischgl, Austria)  
2023 Finance Down Under (FDU, Melbourne)  
——*CFAM-ARX Paper Award, the CFA Society of Melbourne and the Asia-Pacific Research Exchange of the CFA Institute*  
2023 China International Conference in Finance (CICF, Shanghai)

#### **2022:**

49th European Finance Association Annual Meeting (EFA, Barcelona)  
35th Australasian Finance and Banking Conference (AFBC, Sydney)  
2022 China International Conference in Finance (CICF, Shanghai)  
2022 China Financial Research Conference (CFRC, Beijing)  
4th China International Conference on Macroeconomics (CICM, Shenzhen)  
2022 Asian Meeting of the Econometric Society (AMES, Shenzhen)  
34th Asian Finance Association Annual Meeting (AsianFA, Hong Kong)  
2022 Asian Meeting of the Econometric Society (AMES, Tokyo)

## **DISCUSSIONS**

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*Currency Return Dynamics: What Is the Role of U.S. Macroeconomic Regimes*, Guanhao Feng, Jingyu He, Junye Li, Lucio Sarno and Qianshu Zhang  
Asian Finance Association Annual Meeting, June 2024  
*Firm Foreign Activity and Exchange Rate Risk*, Amir Akbari and Francesca Carrieri  
Asian Finance Association Annual Meeting, June 2022  
*An Equilibrium Model of the Chonsei System*, Baiyun Jing, Seongjin Park and Anthony Lee Zhang  
Australasian Finance and Banking Conference, December 2022

## **PROFESSIONAL ACTIVITIES**

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**Session Chair:**

2022 Asian Meeting of the Econometric Society(Tokyo): International Macroeconomics

**REFERENCES**

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