

# Li Yu

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## EMPLOYMENT

**Assistant Professor**, Li Anmin Institute of Economic Research, Liaoning University, China, 2023-

## EDUCATION

**Ph.D in Economics**, Toulouse School of Economics, Toulouse, France, 2017-2023

**M.A. in Economics Theory and Econometrics**, Toulouse School of Economics, 2015-2017

**B.A. in Economics**, Central University of Finance and Economics, Beijing, China, 2011-2015

## RESEARCH FIELDS

**Primary Fields:** Macro-finance, Financial Intermediaries

**Secondary Fields:** Monetary Economics, Information and Uncertainty

## WORKING PAPERS

**Monetary Policy and Global Bank Lending: A Reversal Rate Approach**, *with Philipp Wangner*

This paper studies the international transmission of monetary policy through the credit allocation of globally operating banks. First, we document *novel* empirical evidence on bank lending to domestic and foreign borrowers during the past two decades. At the country level, the bias toward domestic lending continuously fell before the Great Recession but has increased by 10% since then. Second, to account for this finding, we develop an analytical framework for global banking based on a portfolio approach, in which the credit allocation is jointly determined by three key elements: diversification opportunities, cross-border uncertainty frictions, and bank profitability driven by interest margins between lending and deposit rates. We show that the effect of expansionary monetary policy on bank home bias is *state-dependent*. In times of low bank profitability and large balance sheet size, a further cut in the interest rate raises bank home bias, which rationalizes the surge in home bias observed after the Great Recession. Finally, we embed our static portfolio analysis into a dynamic economy with nominal rigidities to quantify the macroeconomic effects of expansionary monetary policy in the presence of global bank lending. We find that the prolonged period of low interest rates has led to an overshooting of the lending bias towards the domestic country, given the low pass-through from policy rate to deposit rate during the low interest rate period.

*Presented at European Economic Association Conference 2022 in Milano, the Young Economist Symposium 2022 in New Haven. Accepted by CEMLA / Dallas Fed Financial Stability Workshop.*

**Shadow Banks vs. Commercial Banks: Different Responses or Different Shocks?**

**Uncertainty Shock(s)**, *with Hussein Bidawi*

## WORK IN PROGRESS

**Shadow Banks and Economic Instability with Two-sided Financial Frictions**

**Dual-Role E-commerce Platforms and Inflation Pass-through**, *with Luise Eisfeld and Jun Yan*

## TEACHING EXPERIENCE

**Topics in Macroeconomics (Undergraduate)**, TSE, 2018, 2019, 2020

Prof. S. Kankanamge and Prof. N. Lepage-Saucier

**Macroeconomics (Undergraduate)**, TSE, 2021

Prof. P. Fève and Prof. L. Bottega

**Macroeconomics (Master)**, TSE, 2020, 2021

Prof. T. Assenza, Prof. N. Werquin, Prof P. Fève, F. Collard

**Macroeconomics (1st year PhD)**, TSE, 2021, 2022 Prof. C. Hellwig and Prof. E. Gonzalez-Aguado

## GRANTS AND AWARDS

Research Scholarship from Banque de France, 2021

Temporary Research and Teaching Attaché, Toulouse School of Economics, 2020-2022

Doctoral Fellowship, French Ministry of Education, 2017-2020

## LANGUAGES AND IT SKILLS

**Languages:** Chinese (native), English (fluent), French (Intermediate/B1)

**IT skills:** Matlab, R, Stata, Julia(Basic), Python (Basic)