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## PRINCETON UNIVERSITY

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Graduate Administrator:	Laura Hedden	<a href="mailto:lhedden@princeton.edu">lhedden@princeton.edu</a>	(609) 258-4006

### Office Contact Information

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Department of Economics & Bendheim Center for Finance, Princeton University  
Julis Romo Rabinowitz Building  
Princeton, NJ 08544

### Graduate Studies

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Princeton University, 2015 to present  
Ph.D. Candidate in Economics  
Thesis Title: “Essays in Empirical Asset Pricing”  
Expected Completion Date: June 2021

Princeton University, M.A., Economics, 2017

### References

Professor Motohiro Yogo  
Department of Economics  
Bendheim Center for Finance  
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Professor Markus Brunnermeier  
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### Undergraduate Studies

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University of Bonn, B.S., Economics, 2015  
Summa Cum Laude, Rank: 1/378

### Research & Teaching Fields

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Primary Field: Finance, Empirical Asset Pricing  
Secondary Fields: Corporate Finance, Fintech, Applied Machine Learning

## Teaching Experience

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Princeton University, Teaching Assistant

Fall 2017	ECO342, Money & Banking, with Professor Markus Brunnermeier
Fall 2017, 2018, 2019	ECO464/FIN519, Corporate Restructuring, with Professor O. Griffith Sexton

Princeton University, Advisor for Undergraduate Research

2017 to present	Junior Independent Work, advisor for undergraduate research, with Professors Will Dobbie, Christopher Neilson, and Adrien Matray
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University of Bonn, Undergraduate Teaching Assistant

Spring 2013	Corporate Finance, with Professor Hendrik Hakenes
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German Red Cross, High School Teacher, Koforidua, Ghana

Fall 2011	Computer Science, International Youth Voluntary Service Program (IJFD)
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## Research Experience & Other Employment

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Summer 2018	Ph.D. Research Intern at Bundesbank (German Central Bank)
Summer 2017	Visiting Researcher at Bundesbank
Summer 2013	Consulting Intern at Ernst & Young (EY), Germany

## Professional Activities

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Referee for Econometrica, The Review of Economic Studies

## Honors & Awards

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2019 - 2020	Griswold Center for Economic Policy Studies Fellowship
2015 - 2021	Princeton University Graduate Fellowship
2015 - 2017	German National Academic Foundation Fellowship
2013 - 2014	Cusanuswerk Foundation Fellowship
2013 - 2014	University of Bonn Exchange Program Scholarship
2012 - 2015	Konrad Adenauer Foundation Fellowship

## Job Market Paper

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*“Demand Pressure Spillover Effects of Corporate Payouts,”* 2020

This paper uses a new nonfundamental shock to asset prices to estimate the slope of the demand curve for stocks as well as the real effects of stock returns on corporate financing and investment. When firms pay dividends, repurchase shares, or are acquired, institutional shareholders preferentially invest the cash proceeds into their existing portfolios. Exploiting the separation of announcement and payment at the daily frequency, I find this payout-induced trading creates price pressure spillover effects of firm payouts on other stocks held in the same portfolios of financial institutions which identify an asset demand elasticity of 1.25. Dividends in particular generate payment date price pressure but no announcement date news spillover effects, suggesting that dividend-induced trading is plausibly exogenous to fundamentals. Using dividend-induced trading as a low-frequency instrument for stock returns, I document a releveraging market feedback effect on investment, where firms respond to an exogenous stock price increase by issuing debt and use the funds to invest.

## Research Papers

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*“Identifying the Price Impact of Fire Sales Using High-Frequency Surprise Mutual Fund Flows,”* 2020

This paper proposes a new method to isolate a plausibly exogenous component of mutual fund flows to estimate the price impact of fire sales. The method addresses a potential reverse causality problem: instead of mutual fund outflows inducing fire sales, which drive down prices, poor stock returns reduce mutual fund returns, which in turn trigger outflows. The solution is to construct a new instrument from high-frequency surprise flows. Using surprise flows to reexamine important findings in the literature, I find equity markets are deeper and less distortive than suggested.

*“Interacting Anomalies,”* with K. Müller, 2020, more results and data on the project [website](#)

An extensive literature studies interactions of stock market anomalies using double-sorted portfolios. But given hundreds of known candidate anomalies, examining selected interactions is subject to a data mining critique. In this paper, we conduct a comprehensive analysis of all possible double-sorted portfolios constructed from 102 underlying anomalies. We find hundreds of statistically significant anomaly interactions, even after accounting for multiple hypothesis testing. An out-of-sample trading strategy based on double-sorted portfolios performs on par with state-of-the-art machine learning strategies, suggesting that simple combinations of characteristics can capture a similar amount of variation in expected returns.

*“HFT and Price Informativeness,”* with J. Gider and C. Westheide, 2019

We study how the informativeness of stock prices changes with the presence of high-frequency trading (HFT). Our estimate is based on the staggered start of HFT participation in a panel of international exchanges. With HFT presence, market prices are a less reliable predictor of future cash flows and investment, even more so for longer horizons. Further, firm-level idiosyncratic volatility decreases, and the holdings and trades by institutional investors deviate less from the market-capitalization weighted portfolio as a benchmark. Our results document that the informativeness of prices decreases subsequent to the start of HFT. These findings are consistent with theoretical models of HFTs ability to anticipate informed order flow, resulting in decreased incentives to acquire fundamental information.

## Research Papers in Progress

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*“Cryptocurrencies, Return Chasing, and Return Predictability,”* with S. Nagel and Z. Wang

We combine the full information from the BTC blockchain with addresses of real entities and address clustering algorithms to construct a partially deanonymized BTC transaction history. We find that unsophisticated investors chase past BTC returns and that BTC purchases of sophisticated investors predict BTC returns.

*“Machine Learning Institutional Trading and Return Predictability”*

I train machine learning models to predict how financial institutions trade and use the predictions to construct expected excess demand. A long-short, front-running trading strategy exploiting this signal generates significant excess returns.

*“Predicting Financial Crises: a Comprehensive Assessment,”* with L. Liu and K. Müller

We provide a comprehensive evaluation of which variables are reliable predictors of financial crises. We evaluate thousands of candidate predictors and a large set of predictive models and find that variables related to credit, external imbalances, and macroeconomic conditions have robust forecasting ability out-of-sample.

*“Demand System Asset Pricing and Unconventional Monetary Policy”*

I use confidential securities holdings microdata from the Bundesbank to estimate an asset demand system model of the bond market. I use the model in counterfactual experiments to investigate the impact of any asset purchase program on asset prices, the wealth distribution, and risk exposures of institutional investors.

**Skills & Interests**

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Software	Python, Stata, L <sup>A</sup> T <sub>E</sub> X, Machine Learning (Tensorflow, Scikit-learn), Blockchain analysis (BlockSci)
Languages	German (Native), French (Proficient)
Interests	Scuba Diving, Rock Climbing, Kiteboarding, Golf, Soccer, Virtual Reality, Traveling