

The Exchange

NEWS FROM THE FINANCIAL ECONOMICS INSTITUTE AT CLAREMONT MCKENNA COLLEGE

VOLUME 17, SPRING 2014

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Directors' Report

by Eric Hughson and Lisa Meulbroek



Lisa Meulbroek



Eric Hughson

THE FINANCIAL ECONOMICS Institute completed its tenth year this spring. The FEI is the financial research arm of the Robert Day School of Economics and Finance, providing data and research support for faculty, and providing research experience, networking opportunities, and educational and career support for students. This spring, the FEI hired fifteen student research analysts and again expanded its tutoring program to include instruction in Excel, which was a skill identified by students as important for success in summer internships.

One role played by the FEI is to sponsor the Financial Economics Sequence (FES). After completing prerequisites in math, accounting, and econometrics, students take two core finance courses and three elective courses. Seniors must write a finance-related thesis and orally defend that thesis in a presentation to faculty to receive the Sequence designation on their transcripts. Eight seniors completed the Financial Economics Sequence this year, and an additional fifteen juniors, fourteen sophomores, and seven freshmen have indicated they are planning on completing the Sequence.

The Investment Management Practicum, taught by Professor Hughson, completed its third year this spring. The course meets weekly and is designed to add analytical rigor and support to the CMC Student Investment Fund. Buoyed both by a year of spectacular stock market returns, and large donations, the fund now has over \$600,000 for students to invest each year. Next year, for the first time, the fund will finance a scholarship for a deserving student. We greatly appreciate those who made generous contributions to the SIF this year.

Students from the CMC and Pomona College Student Investment Funds organized the Claremont Finance Conference held on February 28th, with financial help from both

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FINANCIAL ECONOMICS
INSTITUTE

CLAREMONT MCKENNA COLLEGE

The Financial Economics Institute fosters education and research in financial economics by offering a unique undergraduate curricular program, the Financial Economics Sequence, supporting state-of-the-art databases, and encouraging student-faculty interaction on research.

Directors' Report from page 1

the FEI and the Robert Day School and others. A more complete description of the conference, written by Carter Wilkinson '14, is found later in this newsletter. Finally, five members of CMC's fund participated in the CFA Institute Research Challenge at Chapman University on February 21st. The student team evaluated Reed's Inc., a producer of specialty sodas. Despite an excellent thesis, able advice from their industry mentor, Nathan Doctor '11, from Cascade Investment, and the fact that their "sell" recommendation was made when the stock price was \$7.29 per share and the current stock value is only \$5.28 (as of May 7), the team did not win the challenge this year. This prediction was not an artifact of large market losses. Over the same period, the S&P 500 index increased in value from \$1836 to \$1867.

Later in the newsletter, Madeleine Bannon '14 and Julian Buckner '14 describe the January New York City Networking Trip. Eighteen students visited twelve firms, learning about careers in finance, including areas such as investment management, trading, leveraged finance, investment banking, investment research, and central banking. The FEI and RDS also hosted and co-hosted two evening events with students, faculty, and alumni during the trip.

This year, FES senior, Carter Wilkinson, won the award for Best Financial Economics Thesis entitled, "Do Public Pensions Affect City Borrowing Costs? The Impact of Local Government Pension Contributions on Municipal Debt Yield Spreads." His advisor was Professor Joshua Rosett. Carter analyzed the role of public pension costs on bond municipal bond pricing. Clearly, pension costs have figured in several important recent bankruptcies including Detroit and nearby San

Bernardino, so it is not surprising that high pension liabilities could affect the rates at which municipalities can borrow. Carter's main finding is that a one standard deviation increase in cumulative city pension cost as a percent of city revenue is associated with an increase in yield spreads of about 5.6 basis points. Given the amounts financed, this implies a large dollar penalty for having a large pension burden as a percentage of revenue.

We are grateful for the myriad contributions, financial and otherwise, made by the RDS Board of Advisors, and the BGI Fellowship Program which provides support for faculty-student research on investment management topics. The FEI relies upon annual gifts by the RDS Board and friends of the Institute to support our activities, and we appreciate the generosity of time and money that makes the FEI function. ▲

Where Will FEI Students Be Working?

CONGRATULATIONS TO THE FOLLOWING SENIORS AND JUNIORS COMPLETING THE FINANCIAL ECONOMICS Sequence who have notified the FEI that they have secured a full-time job. This list identifies the students' major(s) and their place of employment.

Graduating Financial Economics Sequence Seniors:

JULIAN BUCKNER

Economics, **McKinsey & Co.** (Los Angeles, CA)

VEDANT JAITHA

Psychology/Economics, **Analysis Group** (Los Angeles, CA)

ARJUN KAPUR

Economics/International Relations, **Bank of America Merrill Lynch** (New York, NY)

MICHAEL MAVREDAKIS

Economics, **Morgan Stanley** (Los Angeles, CA)

JESSICA PENCE

Economics, **Gilead Sciences** (Foster City, CA)

MANASVINI RAVISHANKAR

Economics-Accounting, **Salesforce.com** (San Francisco, CA)

JOSHUA ROSENBERG

Economics, **Iconiq Capital** (San Francisco, CA)

CARTER WILKINSON

Economics-Accounting, **Addepar** (Mountain View, CA)

Financial Economics Sequence Juniors – Summer Positions:

MOHAMMAD ABDUL-RAHIM

Economics, **Paramount Pictures** (Los Angeles, CA)

BRADEN CROCKETT

Economics-Accounting, **Colliers International** (Los Angeles, CA)

BRANDON D'EWART

Economics, **PACCAR** (Bellevue, WA)

PITRA HARUN

Economics, **Morgan Stanley** (Hong Kong)

ALVIN HUANG, Economics, **Merrill Lynch Private Wealth Management** (Los Angeles, CA)

BORIS LO

Economics, **Goldman Sachs Asset Management** (Hong Kong)

SEAN REIMER

Economics-Accounting and Philosophy, **Royal Bank of Canada** (New York, NY)

DANIEL ROBERTS

Economics and Mathematics, **TJX Companies** (Marlborough, PA)

THEODORE CONNOR SCHLEGEL

Economics, **JP Morgan** (Century City, CA)

JOSHUA THOMAS

Economics, **Convergent Wealth Advisors** (Los Angeles, CA)

TRICIA WANG

Economics-Accounting, **Lincoln Club of Orange County** (Irvine, CA)

2014 New York City Networking Trip

By Julian Buckner '14 and Madeleine Bannon '14, NYC Trip Coordinators

This January, the Financial Economics Institute and the Robert Day Scholars Program sponsored the 11th annual New York City Networking Trip. In the final week of winter break, ten juniors and six sophomores traveled to NYC to learn about the wide array of opportunities in the financial services industry, and to connect with various alumni of all ages. This was the fifth year a student organizing committee took the lead in coordinating firm visits and two social events. They also acted as trip leaders in NYC. This year, the two-person committee was comprised of Madeleine Bannon '14 and Julian Buckner '14.

The trip began on the morning of Monday, January 13th with a visit to the restructuring house, Millstein & Co., hosted by CMC alumni Ali Abramovitz '12 & Lewis Corson '11. Students had the opportunity to interact in small groups with both junior and senior bankers, and learn about the roles and responsibilities of an analyst practicing financial restructuring at a boutique firm.

Next on the agenda was the group's visit to Atalaya Capital Management, where founding partner and Chief Investment Officer, Ivan Zinn '96, spoke about the converging roles of the hedge fund and private equity industry. Mr. Zinn also gave guidance to students about the various career paths available, and fielded questions about his experience starting his own firm. This visit was followed by an hour-long meeting with Jason Goldberg '95, previously with Och-Ziff, who explained the quantitative modeling performed in his role.

In the afternoon, students attended the first-ever visit to Perella Weinberg Partners, hosted *in absentia* by founding partner Peter Weinberg '79. Students were treated to a presentation by Senior Partner and Global Head of Advisory, Chuck Ward, and a panel of analysts and associates spoke candidly about their day-to-day roles at the firm.

Finally, to end the day, students had the opportunity to visit with Daniel Cahir '05 at Long Light Capital. Here, students learned about the functions of a family office and asked questions about Mr. Cahir's transition from consulting to finance, and the value of graduate school.

Tuesday morning began with a visit with Tim Galbraith '87, CIO of Alternative

Investments at Transamerica. Students learned about Mr. Galbraith's unique path into finance, and were treated to a panel of speakers including a Managing Director in J.P. Morgan's Wealth Management Division and the author of J.P. Morgan's Guide to the Markets.

Next, students were hosted for lunch by Alan Delsman '68, a Managing Director in Credit Risk Management at Deutsche Bank and joined by Richard Ferguson '81, Chief Risk Officer of the Americas. This visit provided students with an important overview of the function of risk mitigation in investment banks.

Afterwards, students headed over to Goldman Sachs for a broad overview of the many divisions within the firm. Our host, Christine Mann '87, was joined by Andrew Cosentino '11 for a discussion on Wealth Management and Structured Products, which was followed by panels on Investment Banking with Saumya Lohia '12, and Sales and Trading with Managing Director David Alviljar '01, along with Andrew Duckworth '12 and Patricia Ingrassia '13.

Students finished the day with a reception at the Princeton Club, where alumni of all ages gathered to reconnect, providing students with the opportunity to network in a social setting.

The third day of the trip began at the Bloomberg headquarters where Justin Sheen '01 arranged a tour of the well-known midtown building. Students were given an overview of the entry-level positions available to new grads, in addition to learning more specifically about the R&D Department where Justin works as a Head Programmer in the Derivatives Division.

The second visit of the day brought the group to the restructuring shop, Miller Buckfire & Co., for a visit hosted by John McKenna '01. Students were given an overview of the restructuring process, as well as advice for a career in both restructuring and in the financial services industry, in general.

The final visit of the day was hosted by Avery Holland '12 at the boutique advisory investment bank, Greenhill & Co. In addition to an overview of the firm and the current M&A environment, Avery arranged a panel of first- and second-year analysts to

share their experiences, as well as to give advice to students entering the recruiting process for investment banking internships and full-time positions.

The night ended with a Young Alumni dinner at Sarabeth's Central Park South location. Students and recent alums working in the greater New York area were able to connect over a three-course meal, providing students with a second opportunity to connect and network with alums.

The final day of the trip, Thursday, January 16th, began at the Federal Reserve Bank of New York where Katy Femia '06 spoke about her role in the Markets Group and both sophomore and junior trip participants were given an extended deadline to apply to the Fed's internship program.

Next, students visited investment management firm Fred Alger where Kevin Collins spoke about the firm's history and growth-oriented investment strategy. Students were also treated to a special visit from the firm's CEO, Dan Chung, who spoke in-depth about markets and leadership in the industry.

Finally, Marisa Walter '98, Associate Director of Career Services and External Relations at the Robert Day School, organized a career development workshop for the students with SSC Performance Advisors, where students learned the intricacies of self-marketing and best practices in networking and interviews. Marisa was also instrumental in overseeing numerous aspects of the trip.

The 2014 New York City Networking Trip was a great success. With a full extra day, students visited a record number of twelve firms and gained valuable exposure to the diversity of careers available in financial services. The first-hand experience at the various firms and connections developed during the evening social events will undoubtedly benefit the students as they pursue their future careers.

An expression of thanks needs to be given to the Robert Day School of Economics and Finance, CMC's Alumni and Parent Relations Office, the Alumni Association, the RDS Advisory Board, and many alumni at the hosting firms, for their generous contributions, both monetary and otherwise, that made this trip possible. ▲

Claremont Finance Conference

By Carter Wilkinson CMC '14, SIF Chief Executive Officer (2013-2014)

CLAREMONT MCKENNA COLLEGE and Pomona College collectively hosted the Sixth Annual Claremont Finance Conference on February 28, 2014. The conference was organized by strategic members of the student investment funds of both colleges. The CFC was co-sponsored by CMC's Robert Day School of Economics and Finance, the CMC Alumni Association, the CMC Development Office, the Financial Economics Institute, and Pomona's Economics Department.

This year, we selected Private Equity Investing as the conference theme and invited a host of leading alumni and industry professionals to provide their perspective on the industry. For the first time ever, all panels and keynote presentations were related to a single conference theme. Although the narrow scope made identifying suitable speakers a challenge, having a central theme elevated the discussion and allowed our speakers to reference and build upon the information shared in previous events. The conference provided students with a unique opportunity to meet and learn from leading alumni.

The conference began with lunch in the Edmunds Ballroom at Pomona College. Matt Thompson (POM '96), Vice President of Portfolio Operations at Skyview Capital and a member of Tech Coast Angels, spoke about his diverse career and Skyview's emphasis on distressed companies. Furthermore, he discussed angel investing and shared a few of the companies he has invested in.

Attendees then transitioned to CMC's Freeberg Forum at The Kravis Center for



Mark Bradley P'17, Partner at DBO Partners

two panel discussions. The first panel focused on executing private equity deals and transactions. Panelists represented a variety of firms and levels of experience: Lee Ann Gliha (CMC '96), Director at Houlihan Lokey; Scott Arnold (CMC '09), Associate at KKR & Co.; and Holly Poole (SCR '09), Associate at Oaktree Capital Management. The talk was moderated by CMC Professor Murat Binay.

A short networking reception was held before the second panel, which emphasized managing private equity investments over the long-term. Panelists included: Jay Schneider (POM '04), Vice President at Francisco Partners; Matt Thompson (POM '96), Vice President of Portfolio Operations at Skyview Capital; Russ Chidester (CMC '09), Associate at KRG Capital; and Mike Widmann (CMC '10), Associate at Silverlake

Partners. The talk was moderated by CMC Professor Ananda Ganguly.

Conference attendees then transitioned to the Kravis Lower Court for a cocktail reception with wine, cheese, and hot hors d'oeuvres. Following the reception, participants headed for the Marian Miner Cook Athenaeum where dinner was served and Mark Bradley (CMC P'17), Partner at DBO Partners and Former Global Head of Morgan Stanley's Financial Sponsors Coverage Group, delivered a keynote presentation entitled, "Private Equity 101." Bradley concluded his presentation with a case study of Silverlake's recent LBO of Dell, Inc. that involved participation from the audience.

Adam Belzberg '14, COO of Sagehen Capital Management, Pomona's student investment fund, was especially impressed by Keynote Speaker Mark Bradley. "Chatting with Mark and witnessing his passion for private equity was inspiring. The breadth of his knowledge on the industry is second to none." Adam also noted that the cocktail reception was a valuable networking opportunity for students and alumni alike.

Although thrilled by this year's great turnout, and positive feedback, conference organizers said they have high hopes that, in the future, the conference will include more participation from every college in the Claremont Consortium. The conference has grown tremendously over the past three years and organizers are determined to continue improving the conference every year and have already begun searching for their next keynote speaker. ▲



Financial Economics Institute Spring 2014 Student Research Analysts

During the Spring 2014 semester, fourteen student Research Analysts were assisting faculty members with research projects and one student served as the Stata tutor for students who needed assistance with Stata questions. The following is a list of the students, the topics they were researching, and their faculty advisors:

- ▶ **ANDREW BERGMAN '14**, *Exchange-Rate Expectations and Balance-of-Payments Adjustment in Economies with Internationally Integrated Financial Markets* with Professor Sven Arndt, and he was also the Bloomberg tutor
- ▶ **WILLIAM LOCKE BROWN '14**, *Quantile Regression Application in Analytical Review Procedures and Auditing* with Professors Ananda Ganguly and Jungmo Yoon, and he was also the Excel tutor
- ▶ **AVIV CASPI '16**, *The Impact of Judicial Stock Ownership on Access to Justice: Evidence from Comer v. Murphy Oil* with Professor Eric Helland
- ▶ **ANDREW DODDS '15**, *Antitrust Regulation and Its Effect on MPL Markets* with Professor Eric Helland
- ▶ **NATHAN FALK '14**, Stata tutor
- ▶ **MEGHAN FUELLING '16**, *Understanding the Nature of Daubert Challenges* with Professors Eric Helland, Eric Hughson, and Marc Weidenmier
- ▶ **JAISON KIMURA '15**, *Ofactor: Exploring the Links between Neuroscience and Management Practices* with Professor Paul Zak at Claremont Graduate University
- ▶ **DANIELLE KNOTT '15**, *The Effect of the 150-Hour Rule on the Labor Market for Accountants*, with Professor Joshua Rosett
- ▶ **EDWARD LEATHERS '15**, *Congressional Insider Trading: Should We Be Concerned?* with Professor Eric Hughson
- ▶ **XINZHU "NANCY" LI '15**, *Three Crises: Hong Kong Market Reactions to Tiananmen Square, the Asian Financial Crisis and the Global Financial Crisis* with Professor Richard Burdekin
- ▶ **IRIS LIU '16**, *Investor Look-up Behavior: Skin in the Game and the Ostrich Effect* with Professors Eric Hughson and Cathy Reed
- ▶ **SEAN SAKAGUCHI '16**, *Quantile Regression Application in Analytical Review Procedures and Auditing* with Professors Ananda Ganguly and Jungmo Yoon
- ▶ **ISAAC THOMAS '15**, *Tobin's Q Does Not Measure Firm Performance: Theory, Empirics, and Alternate Measures* with Professor Mitch Warachka
- ▶ **TIANXIAO YE '15**, *The Determinants of the Yield Spread on Chinese Municipal Bonds and Urban Construction Investment Bonds* with Professor Fan Yu
- ▶ **SOYEON "NIKKI" YEA '15**, *The Relationship between Exchange-Rate Expectations and Balance-of-Payments Adjustment in Economies with Internationally Integrated Financial Markets* with Professor Sven Arndt



Back row, from left: Iris Liu '16, Jaison Kimura '15, Meghan Fuelling '16, Soyeon "Nikki" Yea '15, Danielle Knott '15, Xinzhu "Nancy" Li '15, Tianxiao Ye '15, and Wm. Locke Brown '14. Front row, from left: Nathan Falk '14, Andrew Bergman '14, Ed Leathers '15, Isaac Thomas '15, Aviv Caspi '16, and Andrew Dodds '15. Not pictured: Sean Sakaguchi '16.

Mitch Warachka, Associate Professor, Robert Day School of Economics and Finance

By Isaac Thomas CMC '15, FEI Research Analyst



Mitch Warachka

What industry experience do you have in the finance field?

Absolutely none. Wish I had more to say. I have friends in the finance industry, although many have already exited the profession.

Nonetheless, I try to introduce a practical perspective in my classes using my experience as an MBA student at the University of Chicago (Booth School of Business).

What classes have you taught while at CMC?

Asset Pricing Derivatives (FIN 420) and Global Finance (Econ 134C).

What is your favorite class to teach?

No favorite among these two courses. I have been very fortunate as the administration at CMC allowed me to teach two new elective courses. I have enjoyed teaching both classes and am still in the process of refining them based on student feedback.

What is your predominant research focus and academic area of interest?

Asset pricing, with an emphasis on asset pricing anomalies. As the name suggests, anomalies such as the value premium or momentum represent returns patterns that are difficult to explain using existing theories. In practice, anomalies often represent trading strategies for hedge funds.

How has interacting with students and other faculty at CMC influenced your research?

Seminars are crucial, and a great opportunity to learn from other faculty. Being in an economics department, as opposed to a business school where I taught previously, exposes you to a much broader set of tools and ways of thinking.

Several senior thesis topics have also been relevant to both my research topics. In addition, the international students in my Global Finance course has often had insights

that have improved my teaching and may well lead to future research projects.

How is the teaching you are doing at CMC different from the teaching you were doing in Singapore?

On the positive side, student backgrounds at CMC tend to be more varied and interesting. This greatly improves class discussions. There is far more contact with students at CMC, especially outside of class. In general, I have started to really enjoy the atmosphere in Claremont and CMC. Singapore has very little in the way of a community feel, something I missed from being at graduate school in the U.S.

On the negative side, the small classes at CMC can make case studies more of a challenge to teach. While the student body is more diverse, there are simply too few students in class to have expertise (through direct experience, internships, family contacts, etc.) with each issue raised in class.

Over the past year, you have traveled to China several times. From where does your interest in China come and how does it relate to the work that you are doing?

I currently am working on a project involving unique real estate data from Singapore. Several implications of this study are relevant to China.

However, beyond this project, I find myself making predictions regarding China, and then updating them as I continue to travel to China within Asia. This represents the first time I have actively applied theories in finance and economics with any consistency. Thus, China presents an opportunity to assess many of things I have learned.

Because econometrics is a rapidly developing field, what has changed the most since you were an undergraduate student?

Without a doubt, the importance of computer programming and the availability of data have revolutionized finance. On the theoretical side, the importance of frictions in finance, most of which were never

discussed when I was an undergraduate student have grown tremendously in importance. This importance has risen in tandem with, perhaps in response to, behavioral finance.

What advice would you give students interested in beginning a career in finance?

History is probably the most underrated subject. I am starting to get old enough myself to see patterns. This is one motivation for my interest in China and other developing countries where I have traveled.

One of the many benefits of being in an economics department is their greater appreciation of history. In finance, many research studies, including my own, start in the mid-1980s or later—as if people were not making important financial decisions before then. The emergence of low cost computing and storage has had a major impact on financial research, but probably lead us to ignore a lot of previous experience.

If you had not become a college professor, what other career choice were you considering?

If I recall, even as a Ph.D. student and certainly before, I expected to work in the finance industry. However, many of my other interests did not seem compatible with most careers in finance, and fortunately I had friends that started working in the finance industry before me. Their experiences convinced me that an academic career would be more suitable. Still not sure if this was meant as an insult, but it certainly was good advice.

I know that you enjoy music and skiing—what other hobbies do you have that students are not aware of?

Having recently arrived in California, there are lots of things I need to improve on! I am enjoying tennis, which is great given that so many others at RDS also play. I am also learning to fly at Cable Airport, although progress is slow. However, familiarity with CMC's campus has helped me navigate on a few occasions. ▲

Congratulations to the FEI Summer 2014 Research Analysts:

ANDREW ATWONG '16, Economics major
ALEX HWUNG '16, Economics major
MIN JUN KIM '15, Economics/Asian Studies dual major
BENJAMIN LAWSON '15, Mathematics/Economics dual major
YICONG "NICOLE" LIN '16, Economics major
ALBERT XU '17, Philosophy major
BAI XUE '16, International Relations/Economics dual major
ANDREW YEH '17, Undecided major

Congratulations to the 2014-2015 BGI/ Michael Larson Asset Management Fellows:

PHILIP CRAWFORD '15, Economics major
BRIAN DELANEY '16, Economics major
ANDREW DODDS '15, History/Economics dual major
BRIAN ECKHARDT '16, Economics-Accounting major
EDWARD LEATHERS '15, Economics-Accounting/Government dual major
CAMERON WHITING '15, Economics/Mathematics dual major

FEI Affiliated Faculty Research

Selected 2013-2014 publications by faculty members affiliated with the FEI:

- ▶ **Evolving Patterns of Global Trade and Finance**, Sven Arndt, World Scientific Publishers, forthcoming June 2014 containing previously published papers; included is a new paper, "Fragmentation, Imperfect Competition and Heterogeneous Firms"
- ▶ "Bank Lending Margins in China and the Effects of the June 2012 Liberalization," **Richard C.K. Burdekin** with Ran Tao, *Journal of International Commerce, Economics and Policy*, forthcoming
- ▶ "Chinese Real Estate Market Performance: Stock Market Linkages, Liquidity Pressures, and Inflationary Effects," **Richard C.K. Burdekin** with Ran Tao, *The Chinese Economy*, forthcoming
- ▶ "The Renminbi as an Emerging World Currency," **Richard C.K. Burdekin**, *Journal of Stock and Forex Trading*, Vol. 3, No. 2, (2014): Special Issue on Economics, Finance and Public Policy [doi: 10.4172/2168-9458.1000118]
- ▶ "Cross-Strait Linkages: Historical Perspective and Empirical Evidence," **Richard C.K. Burdekin** with Yijing Shen and Hsin-hui I. H. Whited, in Peter Chow (ed.), **Economic Integration across the Taiwan Strait in Global Perspective**, Northampton, MA: Edward Elgar, 2013, pp. 1-29
- ▶ "Gold Resumption and the Deflation of the 1870s," **Richard C.K. Burdekin** with Pierre L. Siklos, in Randall E. Parker and Robert Shaples (eds.), **Routledge Handbook of Major Events in Economic History**, New York: Routledge, 2013, pp. 24-31
- ▶ "The Impacts of Gramm-Leach-Bliley Bank Diversification on Value and Risk," **Darren Filson** with Saman Olfati, *Journal of Banking & Finance*, 41 (April 2014): 209-21
- ▶ "Why expertise is important for the detection of abnormal performance: The hot hand strikes back," **Eric Hughson**, *Journal of Accounting, Auditing and Finance*, forthcoming
- ▶ "Like Mother, Like Daughter?: An Economic Comparison of Immigrant Mothers and Their Daughters," **Gary Smith** with Margaret Hwang Smith, *International Migration*, 51, 2013, 181-190
- ▶ "Tax-Loss Selling and the Year-End Behavior of Dow Jones Stocks," **Gary Smith** with Jeff Levere and Max Gold, *Accounting and Finance Research*, 2 (1), 2013, 40-46
- ▶ "Why Are Some Home Values Resistant and others Resilient?," **Gary Smith**, *International Real Estate Review*, forthcoming
- ▶ **Standard Deviations: Flawed Assumptions, Tortured Data, and Other Ways to Lie with Statistics**, **Gary Smith**, New York: Overlook/Duckworth, forthcoming
- ▶ "Frog in the Pan: Continuous Information and Momentum," **Mitch Warachka** with Z. Da and U. Gurun, *The Review of Financial Studies*, forthcoming
- ▶ "Fixed Exchange Rates and Financial Markets as Sources of Macroeconomic Disciplines," **Thomas Willett** with Eric Chiu and Stefanie Walter, in Thomas Oatley, (ed.), *Handbook of International Monetary Relations*, Edward Elgar, forthcoming
- ▶ "Market Volatility and the Risk of Global Integration," **Thomas Willett** with Ravi Roy, in Paul Battersby, (ed.), **The SAGE Handbook of Globalization**, forthcoming
- ▶ "The Political Economy of the Euro Crisis: Cognitive Biases, Faulty Mental Models, and Time Inconsistency," **Thomas Willett** with Nancy Srisorn, *Journal of Economics and Business*, forthcoming
- ▶ "Are Credit Ratings Relevant in China's Corporate Bond Market?," **Fan Yu** with Raghav Dhawan, *Chinese Economy*, forthcoming
- ▶ "Social Learning and Parameter Uncertainty in Irreversible Investments: Evidence from Greenhouse Adoptions in Northern China," **Fan Yu** with Jikun Huang, Thomas Reardon, Scott Rozelle, and Honglin Wang, *China Economic Review*, 27, (2013), 104-210
- ▶ "The Spillover Effects of Biofuel Policy on Participation in the Conservation Reserve Program," **Fan Yu** with Zhengfei Guan, Robert Myers, and Feng Wu, *Journal of Economic Dynamics and Control*, 37(9), (2013), 1755-1770
- ▶ "Neurobiology of Collective Action," **Paul Zak** with J.A. Barraza, *Frontiers in Neuroscience*, Vol. 7, No. 211 (2013); DOI=10.3389/fnins.2013.00211

Congratulations Class of 2014!

THE FINANCIAL ECONOMICS INSTITUTE WOULD LIKE TO CONGRATULATE THE GRADUATING FINANCIAL Economics Sequence seniors of 2014. The following is a list of seniors who completed the Financial Economics Sequence and the titles of their theses. We would also like to announce that *Carter Wilkinson* wrote the Best Thesis in Financial Economics for 2013-2014! *Congratulations!!*

JULIAN BUCKNER, *Battle of the “Bulge” A Boutique Offensive in M&A Advisory*

VEDANT JAITHA, *Short-term Effects of Announcements and Performance of Athletes on Their Respective Sponsoring Companies*

ARJUN KAPUR, *The Impact of Mega Sporting Event Host Country Selection on Construction and Industrial Sectors of Stock Markets: An Event Study*

MICHAEL MAVREDAKIS, *The Liberalization of Shibor and the Economic Fundamentals of House Price Growth in China*

JESSICA PENCE, *The Deadweight Loss of Equity-Based Compensation*

MANASVINI RAVISHANKAR, *Effects of Regulatory Change on Stock Prices and Profitability of Islamic and Conventional Banks in Malaysia*

JOSHUA ROSENBERG, *The Effect of Tax Loss Harvesting on Momentum in the U.S. Stock Market: An Intra Industry Group Study*

CARTER WILKINSON, *Do Public Pensions Affect City Borrowing Costs? The Impact of Local Government Pension Contributions on Municipal Debt Yield Spreads*

Upcoming Events

New York City Networking Trip

JANUARY 11–16, 2015

CMC students will visit prestigious firms in NYC to gain exposure to various job opportunities in the financial markets and to establish relationships with CMC alumni working at these companies. Applications for the trip will be available in Bauer Center 321 in September, 2014.



FINANCIAL ECONOMICS
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