

## Asaf Manela

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### Academic Positions

- 2019– Associate Professor of Finance (tenured), Washington University in St. Louis  
2017–2019 Associate Professor of Finance (untenured), Washington University in St. Louis  
2011–2017 Assistant Professor of Finance, Washington University in St. Louis  
2007–2010 Teaching and Research Assistant, University of Chicago, Booth School of Business

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### Other Service

- 2020– Associate Editor, *Journal of Finance*

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### Education

- 2011 University of Chicago, Booth School of Business  
*Ph.D. in Finance, June 2011*  
*M.B.A., June 2011*  
2005 Boston University  
*B.A. in Economics, January 2005*  
*B.A. in Computer Science, January 2005*  
*Summa cum Laude*

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### Research Interests

Asset Pricing, Financial Intermediation, Machine Learning, Text Analysis, Information Economics

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### Teaching Experience

- 2019– Financial Technology, BSBA, MBA, MSA levels, Washington University in St. Louis  
2015–2017 Financial Intermediation, BSBA and MBA levels, Washington University in St. Louis  
2012– Options Futures and Derivative Securities, BSBA and MBA levels, Washington University in St. Louis

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Publications

***Estimating the Value of Information*** (with Ohad Kadan)

*Review of Financial Studies*, 2019, Vol 32, Issue 3, pp. 951–991

*Best Paper Award*, 2016 FMA Conference on Derivatives and Volatility at CBOE

How much would investors pay to receive investment-relevant information? We derive a general expression for the value of information to a price-taking investor in a dynamic environment and provide a framework for its estimation. To illustrate, we estimate values of leading macroeconomic indicators (GDP, employment, etc.) and rank them. Using variations in option prices we find that a consumer-investor with conventional preference parameters would pay 3 to 5 basis points of her wealth for a one-time private peek into these indicators.

***Intermediary Asset Pricing: New Evidence from Many Asset Classes*** (with Zhiguo He and Bryan Kelly)

*Journal of Financial Economics*, 2017, Vol 126, Issue 1, pp. 1–35 (Lead article)

Innovations to the equity capital ratio of primary dealers price not only equity and government bond market portfolios, but also other more sophisticated asset classes such as corporate and sovereign bonds, derivatives, commodities, and currencies. The price of intermediary capital risk is consistently positive and of similar magnitude in many asset classes, suggesting these financial intermediaries are marginal investors in many markets and hence key to understanding asset prices.

***News Implied Volatility and Disaster Concerns*** (with Alan Moreira)

*Journal of Financial Economics*, 2017, Vol 123, Issue 1, pp. 137–162

We construct a text-based measure of uncertainty starting in 1890 using front-page articles of the Wall Street Journal. Consistent with a time-varying rare disaster risk model, high news implied volatility (NVIX) predicts periods of above average stock returns, or periods of large economic disasters. News coverage related to wars and government policy explains most of the time variation in risk premia our measure identifies.

***The Shadow Cost of Bank Capital Requirements*** (with Roni Kisin)

*Review of Financial Studies*, 2016, Vol 29, Issue 7, pp. 1780–1820

*Best Paper Award*, 2013 Financial Research Association Meetings

We estimate the shadow cost of capital requirements using data on a costly loophole that allowed banks to relax these constraints. We show theoretically that a bank's use of the loophole reveals its private compliance cost, which takes into account both the costs of issuing equity and the effectiveness of capital regulation. We find that increasing capital requirements would impose a modest cost—\$220 million a year for all participating banks combined per 1pp increase, and \$14 million on average.

***Information Acquisition in Rumor-Based Bank Runs*** (with Zhiguo He)

*Journal of Finance*, 2016, Vol 71, Issue 3, pp. 1113–1158

We study information acquisition and dynamic withdrawal decisions when a spreading rumor exposes a solvent bank to a run. Uncertainty about the bank's liquidity and potential failure motivates depositors who hear the rumor to acquire additional noisy signals. Depositors with less informative signals may

wait before gradually running on the bank, leading to an endogenous aggregate withdrawal speed and bank survival time.

### ***The Value of Diffusing Information***

*Journal of Financial Economics*, 2014, Vol 111, Issue 1, pp. 181–199

How does the speed by which information diffuses affect its value to a stock market investor? Faster-diffusing information means quicker and less noisy profits, but also increases competing informed trading, impounding more information into prices and eroding profits. Structural empirical analysis of stock market reaction to drug approvals using media coverage as a proxy for the transmission rate of information finds that the value of information is hump-shaped in its future transmission rate.

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### **Working Papers**

### ***Does finance benefit society? A language embedding approach*** (with Manish Jha and Hognyi Liu)

We measure popular sentiment toward finance using a computational linguistics approach applied to millions of books published in eight countries over hundreds of years. We document persistent differences in finance sentiment across countries despite ample time-series variation. Finance sentiment declines after epidemics and earthquakes, but rises following droughts, floods, and landslides. These heterogeneous effects of natural disasters suggest finance sentiment responds differently to the realization of insured versus uninsured risks.

### ***Liquidity and the Strategic Value of Information*** (with Ohad Kadan)

We offer a simple, intuitive and empirically useful expression quantifying the value of asset-specific information to a strategic trader. We find that the value of information rises dramatically during crises and on earnings announcement days, and falls at calendar year ends. The most dramatic spikes in the value of information occur at the start of the COVID-19 pandemic and the financial crisis of 2008, when the Fed announces novel liquidity facilities.

### ***The Structure of Economic News*** (with Leland Bybee, Bryan Kelly and Dacheng Xiu)

We propose an approach to measuring the state of the economy via textual analysis of business news. Text-based inputs accurately track a wide range of measures of economic activity and that they have incremental forecasting power for macroeconomic outcomes, above and beyond standard numerical predictors.

### ***The Partisanship of Financial Regulators*** (with Joseph Engelberg, Matthew Henriksson and Jared Williams)

We analyze the partisanship of SEC Commissioners and Fed Board Governors using a text-based approach. The level of partisanship among these regulators is greater than that of Congress, but this is driven by a handful of speakers who repeat polarizing phrases across several speeches. When we quantify how much Republican (Democrat) regulators sound like Republicans (Democrats) in Congress we find no discernible pattern among Fed governors but a recent spike among SEC commissioners.

### ***Text Selection*** (with Bryan Kelly and Alan Moreira)

Text data is inherently ultra-high dimensional, which makes machine learning techniques indispensable for textual analysis. We develop an economically motivated high dimensional selection model that improves machine learning from text (and from sparse counts data more generally). We apply our framework to backcast, nowcast, and forecast financial variables using newspaper text, and find that it substantially improves out-of-sample fit relative to alternative state-of-the-art approaches.

***Funding and Incentives of Regulators: Evidence from Banking*** (with Roni Kisin)

Regulation is often funded with fees paid by regulated firms, potentially creating incentive problems. We use this feature to study the incentives of regulators and their ability to affect firm behavior. Our identification approach uses multiple kinks in fee schedules of federal bank regulators as a source of exogenous variation. Using a novel dataset on fees and regulatory actions, we find that firms that pay higher fees face more lenient regulation, which leads to a buildup of risk.

***Hub-and-Spoke Regulation and Bank Leverage*** (with Yadav Gopalan and Ankit Kalda)

Hub-and-spoke regulation, where a central regulator with legal power over firms delegates monitoring to local supervisors, can improve information collection, but can also lead to agency problems and capture. We document that following the closure of a US bank regulator's field offices, the banks they previously supervised distribute cash, increase leverage, and increase their risk of failure, more than similar banks in the same time and place.

***An Empirical Evaluation of the Black-Litterman Approach to Portfolio Choice*** (with Michael Gofman)

We evaluate the Black-Litterman equilibrium model approach to portfolio choice. We extend the approach to any linear multi-factor asset pricing model (e.g. ICAPM) to examine how learning from prices using different equilibrium models affects portfolio performance. We find that even a misspecified asset-pricing model can improve portfolio performance when private signals are not extremely precise.

**Conference Presentations** (\* indicates coauthor presentation \*\* scheduled to present)

2020	WFA online*, EFA online*, SFS Cavalcade online*
2019	WFA in Huntington Beach*
2018	NBER AP, AFA Annual Meeting in Philadelphia*
2017	AFA Annual Meeting in Chicago, CITE Conference in Chicago, Chicago Financial Institutions Conference*, FIRS Meetings in Hong Kong*, Jackson Hole Finance Group Conference*
2016	AFA Annual Meeting in San Francisco*, WFA in Park City, IDC in Herzelia, Duke-UNC Asset Pricing Conference*, FMA Conference on Derivatives and Volatility at CBOE
2015	AFA Annual Meeting in Boston*, Notre Dame Conference on Financial Regulation*, GSU Symposium on Liquidity Risk and Capital Requirements, Gerzensee Summer School, FTG Summer School in Financial Intermediation*, Becker Friedman Institute Media and Communications Conference, NBER AP*, Chicago Booth Asset Pricing Conference
2014	AFA Annual Meeting in Philadelphia*, NBER Behavioral Finance Meeting in Chicago, FIRS Meetings in Quebec

- 2013 IDC in Herzelia, SFS Cavalcade in Miami\*, Texas Finance Festival in Austin\*, Wharton Conference on Liquidity and Financial Crises, FDIC-JFSR Fall Banking Research Conference\*, FRA Meetings in Las Vegas (*Best Paper Award*)
- 2012 AEA Annual Meeting in Chicago, UNC Finance Group in Jackson Hole, SFS Cavalcade in Virginia/Darden, IDC in Herzelia, SED Annual Meeting in Cyprus, Finance Theory Group workshop\*
- 2011 WFA in Santa Fe
- 2008 Econometric Society Meetings in Brazil, LBS Trans-Atlantic Doctoral Conference in London (*Best Paper Award*)

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### Seminar Presentations

- 2020 Fed Board, Virtual Finance Seminar, Washington University in St. Louis
- 2019 Indiana University, Rice University, Syracuse University, KC Fed, UC Irvine, Washington University in St. Louis
- 2018 Ohio State, University of Michigan, Tel-Aviv University, Hebrew University, IDC Herzliya, Indiana University, Rice University, Washington University in St. Louis
- 2017 University of Southern California, INSEAD, Swiss Finance Institute @ EPFL, Dartmouth College, University of Rochester, NY Fed, Texas A&M
- 2016 Boston College, University of Illinois Urbana-Champaign, University of Oxford, Washington University in St. Louis
- 2015 Harvard Business School, University of California San Diego, University of Washington, University of Houston, Washington University in St. Louis
- 2014 University of California Los Angeles, INSEAD, IDC Herzliya, Washington University in St. Louis
- 2013 Ohio State University, University of North Carolina, Washington University in St. Louis
- 2012 Tel-Aviv University, Washington University in St. Louis
- 2011 Arizona State University, Boston College, Chicago Booth, Hebrew University, London Business School, Tel-Aviv University, University of Maryland, Washington University in St. Louis

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### Discussions

- 2020 "Leveraged Funds and the Shadow Cost of Leverage Constraints"  
by Zhongjin Lu and Zhongling Qin, WFA
- "Social Interaction and Market Reaction to Earnings News"  
by David Hirshleifer, Lin Peng, and Qiguang Wang, AFA
- "Failure to Share Natural Disaster Risk"  
by Tuomas Tomunen, EFA

- 2019 "Leverage Regulation and Market Structure: A Structural Model of the UK Mortgage Market" by Matteo Benetton, Utah Winter Finance Conference
- "Dynamic Interpretation of Emerging Risks in the Financial Sector" by Kathleen Weiss Hanley and Gerard Hoberg, AFA
- "Firm-Level Political Risk Measurement and Effects" by Tarek A. Hassan, Stephan Hollander, Laurence van Lent and Ahmed Tahoun, AFA
- "How Risky are the U.S. Corporate Assets?" by Tetiana Davydiuk, Scott Richard, Ivan Shaliastovich, and Amir Yaron, IDC Conference in Financial Economics
- "Intermediaries and Asset Prices: Evidence from the U.S., U.K., and Japan, 1870-2016" by Matt Baron and Tyler Muir, WFA
- "The Perils of Crying 'Fake News'" by Mancy Luo, Alberto Manconi, and Massimo Massa, Chicago Political Economy of Finance Conference
- 2018 "Shadow Funding Costs: Measuring the Cost of Balance Sheet Constraints" by Matthias Fleckenstein and Francis A. Longstaff, Duke/UNC Asset Pricing Conference
- "The Effect of Bank Supervision on Risk Taking: Evidence from a Natural Experiment" by John Kandrak and Bernd Schlusche, CFIC
- 2017 "Affect, media and earthquakes: Determinants of crash beliefs from investor surveys" by William N. Goetzmann, Dasol Kim, and Robert J. Shiller, Western American Finance Association Meetings
- 2015 "Competition and Bank Opacity" by Liangliang Jiang, Ross Levine, and Chen Lin, Western Finance Association Meetings
- "Tail Risk Premia and Return Predictability" by Tim Bollerslev, Viktor Todorov, and Lai Xu, Midwestern Finance Association Meetings
- 2014 "Adverse Selection and Intermediation Chains" by Vincent Glode and Christian C. Opp, Western Finance Association Meetings
- 2012 "Understanding Bank Runs: Do Depositors Monitor Banks?" by Rajkamal Iyer, Manju Puri and Nicolas Ryan, Minnesota Corporate Finance Conference

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### Honors and Awards

- 2016 Best Paper Award, FMA Conference on Derivatives and Volatility at CBOE
- 2014 World's Best 40 Business School Professors Under the Age of 40, Poets & Quants
- 2013 Best Paper Award, Financial Research Association Meetings
- 2010 Fischer Black Fellow
- 2009 Katherine Dusak Miller Ph. D. Fellowship

- 2009      The Arnold Zellner Doctoral Prize
- 2008      Best Paper Award in Accounting, Economics and Finance, LBS Doctoral Conference
- 2007      CRSP Paper Award, GSB, University of Chicago
- 2006–2010   Ph. D. in Finance studies fellowship, GSB, University of Chicago

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### Program Committee Membership

IDC Herzliya annual conference (2014–2019), EFA Annual Meeting (2015–2018), CBOE Conference on Derivatives and Volatility (2016–2019), Utah Winter Finance Conference (2016–2020), WFA Annual Meeting (2018–2020), FIRS Annual Meeting (2020), MFA Annual Meeting (2020), SFS Cavalcade North America (2020)

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### PhD Supervision (initial placement)

Ankit Kalda, dissertation committee member, 2018 (Indiana University)  
Xiaoxiao Tang, dissertation committee member, 2018 (UT Dallas)  
Xiaming Zeng, dissertation committee member, 2017 (Barclays)  
Jinji Hao, dissertation committee member, 2017 (Victoria University of Wellington)  
Fang Liu, dissertation committee member, 2015 (Cornell)

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### Programming Languages

Julia, Java, C/C++, SAS, Matlab, Mathematica, AMPL, SQL and many more

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### Non-Academic Experience

2005–2006   Software Engineer – User Interface Expert, Mercury Interactive, Yehud, Israel

2002–2004   Founder, Regassist.com, Boston, MA

2000–2001   Applications Team Developer, TrulyGlobal @ VocalTec, Herzelia, Israel

1997–2000   Israel Defense Force

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### Affiliations

American Economic Association, American Finance Association, Society for Financial Studies, Western Finance Association, Phi Beta Kappa

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### Hobbies

Scuba-diving, Basketball, Chess

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### Languages

Fluent in English and Hebrew