

Simona Risteska

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RESEARCH INTERESTS

Behavioural Finance, Real Estate and Housing Finance, Public Finance, Corporate Finance

EDUCATION

London School of Economics and Political Science

Sep 2017 - expected 2021

PhD Candidate in Finance

London School of Economics and Political Science

Sep 2015 – Sep 2017

MRes in Finance

London School of Economics and Political Science

Sep 2014 – Jul 2015

MSc in Finance and Private Equity - Distinction

University of California San Diego

Sep 2013 – Jun 2014

Exchange student - GPA: 3.97/4.00, Provost Honors

Université Lumière Lyon 2

Sep 2011 – Jul 2014

Bachelor's Degree in Economics and Management - 16.40/20.00, Distinction (top student)

JOB MARKET PAPER

- **"Learning from Past Prices: Evidence from the UK Housing Market"**

Imperfect knowledge about the structure of information flows can cause pricing mistakes in environments characterised by social learning. Using a natural experiment from the UK housing market that allows me to identify regular shocks to the information set of prospective sellers, I show that they overweight stale information when setting prices. I argue that this is inconsistent with Bayesian rationality and propose a model of naïve learning. I use the model, calibrated to the data, to measure the economic magnitude of the long-run effects arising from pricing mistakes. The results indicate that noisy signals bearing little information about future demand can have a long-lasting effect on aggregate prices when the dynamics of demand are highly persistent.

WORKING PAPERS

- **"Revealed Expectations and Learning Biases: Evidence from the Mutual Fund Industry" (with F. Nicolai)**

By inverting the optimal portfolios of mutual fund managers in a fairly general setting, which allows us to partial out the effect of risk aversion and hedging demands, we provide an estimate of perceived expected excess returns and show that they are significantly affected by experienced returns. The effect of past returns is non-monotone: we provide reduced-form and structural evidence of managers displaying recency and primacy bias. Finally, we estimate an average coefficient of relative risk aversion close to unity.

- **"Living on the Edge: the Salience of Property Taxes in the UK Housing Market" (with F. Nicolai and M. Pelosi)**

Taxes that happen concurrently with the purchase are more salient than deferred taxes. Using a sharp geographical discontinuity between London Boroughs, we show that the incidence of property taxes deferred to the future is too small compared to the incidence of stamp duty taxes happening at the moment of buying the property. The difference in incidence implies very large discount rates that cannot be easily rationalized even after accounting for liquidity constraints. The lack of salience at the moment of purchase implies that the burden of the tax will be borne in the future to meet the budget constraint. This implies that there is an optimal tax mix, even though one of the two taxes is more distortionary than the other.

- **"The Q theory of Investment and Managerial Foresight"**

I analyze the problem of a firm choosing its optimal investment plan by maximizing its value in the presence of a simple type of private information regarding future marginal productivity of capital. While, as it is standard in the investment literature, marginal Q is a sufficient statistic for the firm's investment decision, the presence of foresight complicates the estimation of marginal Q. I show that the shocks recovered by ignoring the problem are not exogenous and can be predicted using past information. Moreover, I propose a news shock which explains a large portion of the variability in investment. Finally, I show that a new measure of marginal Q, constructed by taking into account the presence of foresight, significantly explains corporate investment and reduces the sensitivity of investment to cash-flows.

SEMINAR AND CONFERENCE PRESENTATIONS

- 2018: PhD Seminar, LSE
- 2019: PhD Seminar, LSE – Yale Whitebox Conference* – Belgrade Young Economists Conference
- 2020: PhD Seminar, LSE

TEACHING EXPERIENCE

London School of Economics

- Accounting for Corporate Finance for Executives, Lecturer 2020
- FM458 - Financial Economics Preparatory Course, Lecturer, Postgraduate 2019-2020
- FM422E - Corporate Finance, Teaching Assistant, Postgraduate 2017-2020
- FM213 - Principles of Finance, Class Teacher, Undergraduate 2018-2020
- FM212 - Principles of Finance, Class Teacher, Undergraduate 2016-2018
- FM230 - Alternative Investments, Class Teacher, Summer School 2016-2019

OTHER EXPERIENCE

LSE Residential & Catering Services

- Internship, Student Accommodation Strategy 2015 to 2030 2015

Stopanska Banka AD - Skopje

- Internship, Corporate Finance Division 2014

AWARDS

- Funding Awardee by the Department of Finance at LSE 2019-2020
- LSE PhD Studentship Awardee 2015-2019
- Antoine Faure-Grimaud Prize for Best Overall Student Performance: 1st Prize 2015
- Merit Scholarship from the Ministry of Education and Science of the Republic of North Macedonia 2014
- LSESU Teaching Award for Excellent Feedback and Communication 2019
- Departmental Teaching Award, LSE 2019
- Departmental Teaching Award, LSE 2018

ADDITIONAL INFORMATION

Languages: Macedonian (native); English (fluent); French, Serbian (intermediate); Italian, Spanish (basic)

IT Skills: R, Matlab, Stata, Latex, Java, Excel

Interests: Dance, Running, Skiing, Snowboarding

REFERENCES

Christian Julliard

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* Presentation given by co-author.