Joshua Shemesh

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RESEARCH INTERESTS

Corporate Finance, Behavioral Finance

EDUCATION

Ph.D. in Finance, University of Southern California, May 2011

M.B.A. in Finance and Banking, Hebrew University, 2006
Summa Cum Laude

B.SC. in Computer Science and Business Administration, Hebrew University, 2001
Magna Cum Laude

TEACHING EXPERIENCE

Lecturer, University of Southern California, Business finance for undergraduate students (Summer 2008)

Teaching Assistant, University of Southern California, Trading and exchanges for undergraduate students (Prof. Larry Harris, Spring 2008), Asset pricing for doctoral students (Prof. Fernando Zapatero, Fall 2007)

Teaching Assistant, Hebrew University, MBA student investment fund, Executive MBA electronic trading workshop, Mortgage banks, Game theory, Empirical finance (2003-2005)

SEMINAR AND CONFERENCE PRESENTATIONS

Conferences
Financial Management Association Annual Meeting, New York, October 2010
American Finance Association Annual Meeting, Atlanta GA, January 2010
Financial Management Association Annual Meeting, Reno NV, October 2009
Montreal Financial Econometrics Conference, Montreal 2009

Seminars
University of New South Wales, March 2011
University of Melbourne, March 2011
Claremont McKenna College, February 2011
BI Norwegian School of Management, February 2011
University of Western Ontario, February 2011
University of California, Irvine, February 2011
University of Missouri, January 2011
City University of Hong Kong, January 2011
California State at Fullerton, December 2010
Hebrew University, Jerusalem, November 2009

FELLOWSHIPS AND AWARDS

Financial Management Association Doctoral Student Consortium, 2010
Yale Summer School in Behavioral Finance travel award, 2009
American Finance Association travel award for doctoral students, 2009
USC Marshall School of Business doctoral fellowship, 2005-2010
Outstanding (Graduate) Academic Achievement Scholarship, Hebrew University, 2001-2002
Outstanding (Undergraduate) Academic Achievement Scholarship, Hebrew University,1997-2000

PROFESSIONAL SERVICE

Referee for *the Journal of Economic Dynamics and Control*

REFERENCES

Fernando Zapatero (chair)
1 (213) 740-6538
fzapatero@marshall.usc.edu

Christopher Jones
1 (213) 740-9485
christoj@marshall.usc.edu

Oguzhan Ozbas
1 (213) 740-0781
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WORKING PAPERS

"CEO Social Status and Risk Taking" (Job Market Paper)

I find that executive officers' social status concerns affect their risk taking. I use prestigious business awards assigned by editorials of major national publications (such as *Business Week*) to measure shocks to CEO status. My hypothesis is that awards represent a tournament-like payoff that is denominated in terms of social status. I find that firms with award-winning CEOs invest less in R&D and more in tangible assets relative to a matched sample of non-winning CEOs. In line with the theoretical predictions of a risk-taking tournament, I find that firms with winning CEOs monotonically decrease their idiosyncratic volatility ratios and their industry betas converge to 1. I interpret the results as evidence for the significance of social status concerns in managerial risk taking.

"Thou Shalt not Covet Thy (suburban) Neighbor's Car" (with Fernando Zapatero)

This paper studies the effect of population density on the intensity of "keeping up with the Joneses" behavior. Using a unique dataset of car registrations from 2004 to 2006 in three counties of Southern California, we show that neighbor effects are stronger in areas with lower population density. The decision to buy a car is strongly influenced by previous car purchases of neighbors, and the effect is substantially stronger in areas with lower population density. Such areas represent small communities in which neighbors are likely to know each other, and can therefore manifest their income or wealth through the public display of their consumption. The evidence is consistent with two possible channels of influence: information and status concerns. We find evidence supporting both channels, as our results cannot be fully explained by information exchange, or word of mouth. We argue that the stronger effect that we find in areas with lower population density is driven by status signaling reasons.

"The Weekend Effect in Equity Option Returns" (with Christopher Jones)
Revise-and-resubmit, Journal of Finance

We find that returns on options on individual equities display markedly lower returns over weekends (Friday close to Monday close) relative to any other day of the week. These patterns are observed both in unhedged and delta-hedged positions, indicating that the effect is not the result of a weekend effect in the underlying securities. We find even stronger weekend effects in implied volatilities, but only after an adjustment to quote implied volatilities in terms of trading days rather than calendar days. Our results hold for puts and calls over a wide range of maturities and strike prices, for both equally weighted portfolios and for portfolios weighted by the market value of open interest, and also for samples that include only the most liquid options in the market. We find no evidence of a weekly seasonal in bid-ask spreads, trading volume, or open interest that could drive the effect. We also find little evidence that weekend returns are driven by higher levels of risk over the weekend. The effect is particularly strong over expiration weekends, and it is also present to a lesser degree over mid-week holidays. Finally, the effect is stronger when the TED spread and market volatility are high, which we interpret as providing support for a limits to arbitrage explanation for the persistence of the effect.