THERESA KUCHLER

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EMPLOYMENT

July 2013 - New York University, Leonard N. Stern School of Business
Assistant Professor of Finance

EDUCATION

Ph.D. Economics, Stanford University, 2007-2013

Diplom Business Economics, University of Mannheim, 2002 -2007

Visiting Student Economics PhD program, University of California, Berkeley 2005-2006

RESEARCH AND TEACHING FIELDS

Household and Corporate Finance, Behavioral Economics, Online Markets, Public Economics

TEACHING EXPERIENCE

2013 - Foundations of Finance, NYU Stern

2009-2012 Teaching Assistant, Professor Caroline Hoxby, Graduate Public Economics

2009 Teaching Assistant, Microeconomics for Non-Econ PhD students
(Outstanding Teaching Assistant Award)

Other teaching: PhD mini-courses at LMU Munich, University of Mannheim, Goethe University Frankfurt, IfW Kiel

PUBLICATIONS AND FORTHCOMING PAPERS

The Economic Effects of Social Networks: Evidence from the Housing Market *(With Mike Bailey, Ruiqing Cao, Johannes Stroebel), Forthcoming at the Journal of Political Economy*

We document that the recent house price experiences within an individual's social network affect her perceptions of the attractiveness of property investments, and through this channel have large effects on her housing market activity. Our data combine anonymized social network information from Facebook with housing transaction data and a survey. We first show that in the survey, individuals whose geographically-distant friends experienced larger recent house price increases consider local property a more attractive investment, with bigger effects for individuals who regularly discuss such investments with their friends. Based on these findings, we introduce a new and scalable methodology to document large effects of perceptions about the attractiveness of property investments on individual and aggregate housing market outcomes. This methodology exploits plausibly-exogenous variation in the recent house price experiences of individuals' geographically-distant friends as shifters of those individuals' local housing market perceptions. Individuals whose friends experienced a 5 percentage points larger house price increase over the previous 24 months (i) are 3.1 percentage points more likely to transition from renting to owning over a two-year period, (ii) buy a 1.7 percent larger house, and (iii) pay 3.3 percent more for a given house. Similarly, when homeowners' friends experience less positive house price changes, these homeowners are more likely to become renters, and more likely to sell their property at a lower price. A lower dispersion of friends' house price experiences has a similarly positive effect in housing market investments as higher average experiences. We also find that, at the county level, the across-population mean and dispersion of friends' house price experiences affect aggregate house prices and trading volume.

Assessing Sale Strategies in Online Markets using Matched Listings *(With Liran Einav, Jonathan Levin and Neel Sundaresan),* American Economic Journal: Microeconomics, *7(2), May 2015, previously circulated as "Learning from Seller Experiments in Online Markets"*

The internet has dramatically reduced the cost of varying prices, displays and information provided to consumers, facilitating both active and passive experimentation. We document the prevalence of targeted pricing and auction design variation on eBay, and identify hundreds of thousands of experiments conducted by sellers across a wide array of retail products. We use the data to measure the dispersion in auction prices for identical goods sold by the same seller, to estimate nonparametric auction demand curves, to analyze the effect of "buy it now" options and other auction design parameters, and to assess consumer sensitivity to shipping fees. We also investigate the robustness of the results by isolating different types of identifying variation, as well as the heterogeneity of the estimates across item categories. We argue that leveraging the experiments of market participants takes advantage of the scale and heterogeneity of online markets and can be a powerful approach for testing and measurement.

WORKING PAPERS

House Price Beliefs and Mortgage Leverage Choice *(with Mike Bailey, Eduardo Davila, Johannes Stroebel), Revise and Resubmit at ReStud*

We study the effects of homebuyers' beliefs about future house price changes on their mortgage leverage choice. We show that, from a theoretical perspective, the relationship between homebuyers' beliefs and their leverage choice is ambiguous, and depends on the magnitude of a "collateral adjustment friction" that reduces homebuyers' willingness to adjust their house size in response to beliefs about house price changes. When households primarily maximize the levered return of their property investment and the collateral adjustment friction is small, more optimistic homebuyers take on more leverage to purchase larger houses and profit from the greater perceived price appreciation. On the other hand, when considerations such as family size pin down the desired property size and the collateral adjustment friction is large, more optimistic homebuyers take on less leverage to finance that property of fixed size, since they perceive a higher marginal cost of borrowing. To determine which scenario better describes the data, we empirically investigate the cross-sectional relationship between beliefs and leverage in the U.S. housing market. Our data combine mortgage financing information and a housing market expectations survey with anonymized social network data from Facebook. The survey documents that an individual's belief distribution about future house price changes is affected by the recent house price experiences of her geographically distant friends, allowing us to exploit these experiences as quasi-orthogonal shifters of individuals' house price beliefs. We show that more optimistic homebuyers choose lower leverage, consistent with a sizable collateral adjustment friction. As predicted by the model, the magnitude of the cross-sectional relationship between beliefs and leverage choice is stronger during periods when households expect prices to fall on average.

Measuring Social Connectedness *(With Mike Bailey, Ruiqing Cao, Johannes Stroebel, Arlene Wong), In preparation for the Journal of Economic Perspectives*

We introduce a new measure of social connectedness between U.S. county-pairs, as well as between U.S. counties and foreign countries. Our measure, which we call the Social Connectedness Index (SCI), is based on the number of friendship links on Facebook, the world's largest online social network. Within the U.S., social connectedness is strongly decreasing in geographic distance between counties; for the population of the average county, 55.4\% of friends live within 50 miles. The population of counties with more geographically dispersed social networks is richer, more educated, and has a higher life expectancy. Region-pairs that are more socially connected have higher trade flows, even after controlling for geographic distance and the similarity of regions along other economic and demographic measures. Higher social connectedness is also associated with more cross-county migration and higher patent citations. Social connectedness between U.S. counties and foreign countries is correlated with past migration patterns, with social connectedness decaying in the time since the primary migration wave from that country. Trade with foreign countries is also strongly related to social connectedness. These results suggest that the SCI captures the important role of social networks in facilitating both economic and social interactions. Our findings also highlight the potential for the SCI to mitigate the measurement challenges that pervade empirical research on the role of social interactions across the social sciences.

Personal Experiences and Expectations about Aggregate Outcomes *(With Basit Zafar), Revise and Resubmit at JF*

We use novel survey data to document that individuals extrapolate from recent personal experiences when forming expectations about aggregate economic outcomes. Recent locally experienced house price movements affect expectations about future US house price changes, and higher experienced house price volatility causes respondents to report a wider distribution over expected US house price movements. Similarly, we exploit within-individual variation in employment status to show that individuals who personally experience unemployment become more pessimistic about future nationwide unemployment. The extent of extrapolation is unrelated to how informative personal experiences are; it is also inconsistent with risk-adjustment, and more pronounced for less sophisticated individuals.

Sticking to Your Plan: The Role of Present Bias for Credit Card Paydown *(With Michaela Pagel) previously circulated as "Sticking To Your Plan: Hyperbolic Discounting and Credit Card Debt Paydown", Under review*

Using high-frequency transaction-level income, spending, balances, and credit limits data from an online financial service, we show that many consumers fail to stick to their self-set debt paydown plans and argue that this behavior is best explained by a model of present bias. Theoretically, we show that (i) a present-biased agent's sensitivity of consumption spending to paycheck receipt reflects his or her short-run impatience and that (ii) this sensitivity varies with available resources only for agents who are aware (sophisticated) rather than unaware (naive) of their future impatience. In turn, we classify users in our data accordingly. Consistent with present bias, we find that (i) sophisticated users' average paydown falls with higher measured impatience and that (ii) their planned paydown is more predictive of actual paydown than that of naives. We are the first to provide a theoretically-founded empirical methodology to measure sophistication and naivete from spending and income data and to validate this measure using our information on planned versus actual debt paydown. Moreover, our results highlight the importance of distinguishing between sophisticated and naive present-biased individuals in understanding their financial decision making.

Overoptimistic Managers and Market Misvaluation: Implications for Method of Payment and Subsequent Returns of Corporate Acquisitions, *Revise and Resubmit at Management Science*

I classify CEOs as overoptimistic based on their option exercise behavior, and find that overoptimistic CEOs are more likely to pay with cash when market-wide valuations are (moderately) above their long-term trend, but not when market valuations are low. In contrast to rational CEOs, overoptimistic CEOs view their stock as overly costly and prefer cash payment, even during times of high market valuation. I show that stock, but not cash acquisitions of overoptimistic CEOs therefore outperform those of rational CEOs during times of high market valuation. These findings suggest an important interaction between CEO overoptimism and market misvaluation when analyzing corporate decisions such as the method of payment in acquisitions.

Foreclosure and Bankruptcy – Policy Conclusions from the Current Crisis *(With Johannes Stroebel) - SIEPR Discussion Paper No. 08-37*

The recent episode of rising consumer bankruptcies and increasing foreclosure rates has sparked a lively debate about how to best tackle the crisis in the U.S. housing market. We contribute to this debate by providing an explicit model of a household's joint decision to declare Chapter 7 bankruptcy and to enter into foreclosure. This model demonstrates how bankruptcy exemption limits and mortgage regulation interact to influence consumer bankruptcy and foreclosure rates. We use state-level data to show that our model predictions are empirically plausible. We suggest that policy proposals need to focus on reducing both foreclosures and bankruptcies jointly. In particular, we argue that in the short-run a switch from non-recourse mortgages to recourse mortgages may have little effect on the number of foreclosures, but could dramatically increase the number of bankruptcies.

Research in Progress

- *"Social Dynamics in Mortgage Refinancing Decisions*" joint with Mike Bailey, Ruiqing Cao and Johannes Stroebel
- *"Social Networks and Product Adoption"* joint with Mike Bailey, Johannes Stroebel and Arlene Wong
- *"Attention by Individual and Institutional Investors "*joint with Moqi Xu
- *"Debt Relief and Moral Hazard: Estimating the Effect of Bankruptcy Protection on Loan Repayment*", joint with Theo Rapanos.and Constantine Yannelis

Scholarships and Awards

2012 –13 **B.F. Haley and E.S. Shaw Fellowship,** (stipend and tuition), Stanford University

Dec 2009 **Outstanding Teaching Assistant Award**, Stanford University

2007 –09 **Dr. Carl M. and Carolyn C. Franklin Fellowship**, (stipend and tuition), Stanford University

2005 –07 **Max-Weber-Programm**, German National Academic Foundation

2005 –06 **Fulbright Scholarship,** (stipend and tuition)

Nov 2004 Nominated for DAAD Scholarship at NYU

2004 Award for best "Vordiplom**"**, University of Mannheim

2002 –05 Scholarship for Highly Gifted Students, Government of Bavaria, Germany

Professional Activities

Referee for *American Economic Review*, *Econometrica, Journal of Political Economy, Quarterly Journal of Economics, Review of Economic Studies, Journal of Finance, Review of Financial Studies, Journal of Financial Economics, AEJ: Applied, AEJ: Macro, Journal of Public Economics, Review of Economics and Statistics, Management Science, Journal of Financial and Quantitative Analysis, European Economic Review*

Program Committee: WFA 2016, EEA 2016, WFA 2017, Cavalcade 2018, EFA 2018, WFA 2018,
Organizing Committee: Christmas Meetings of German Economists Abroad, WAPFIN@Stern, CESifo Venice Summer Institute "Expectation Formation"

Behavioral Economics Summer School, 2014
Behavioral Finance Summer School, Yale University 2009
Department of Economics, Social Chair, 2008-2009, Stanford University

Temporary Research Visits

February – March 2018 Stanford GSB
June 2016 House of Finance, University of Frankfurt
May – June 2016 University of Mannheim
May 2015 Center for Economic Studies, Munich
June 2014 LMU Munich

PRESENTATIONS

2013 University of North Carolina (Kenan-Flagler), Federal Reserve Board, Yale SOM, Notre Dame, Philadelphia Federal Reserve Bank, Northwestern University (Kellogg), University of Minnesota (Carlson), Brown University, New York Federal Reserve Bank, Washington University (Olin), MSU, New York University (Stern), European Economic Association Meetings, Consumer Credit Conference at the Federal Reserve Bank of Philadelphia, Conference on Economic Decision Making (Aspen), Christmas Meeting of German Economists Abroad (Konstanz)

2014 The Economics of Payments IV Conference at the Federal Reserve Bank of Boston, NYU Stern Research Day, Harvard Business School, University of Regensburg, LMU Munich, LMU Munich Workshop "Natural Experiments and Controlled Field Studies", Federal Reserve Bank of Boston, ESSFM Gerzensee, SITE Summer Workshop Psychology and Economics, Red Rock Finance Conference, Consumer Financial Protection Bureau, Cornell University, Princeton University, Christmas Meeting of German Economists Abroad

2015 AEA meetings, National University of Singapore, LMU Munich Workshop "Natural Experiments and Controlled Field Studies", Society for Economic Dynamics, London School of Economics, CESifo conference on Macroeconomics and Survey Data, Christmas Meeting of German Economists Abroad (Munich)

2016 CHUM conference St Louis Federal Reserve Bank, NY Fed Workshop on Subjective Expectations, LMU Munich Workshop "Natural Experiments and Controlled Field Studies", University of Mannheim, University of Frankfurt, NBER Summer Institute Household Finance, NBER Summer Institute Real Estate, Consumer Choice in Mortgage Markets FCA conference, NBER Behavioral Finance, Harvard Business School, Caltech Junior Behavioral Finance Conference, Christmas Meeting of German Economists Abroad

2017 AEA meetings, Cornell Household and Behavioral Finance Symposium, Northeastern Finance Conference, Baruch, University of Munich, NBER Summer Institute Corporate Finance, NBER Summer Institute Behavioral Macro, NBER Summer Institute Urban Economics, Bank of England, Berkeley Haas, Drexel University, New York Federal Reserve Bank, University of Zurich, Christmas Meeting of German Economists Abroad

2018 AEA meetings, University of Illinois at Urbana Champain, Stanford IO Lunch, Stanford Finance Lunch, Central European University, Austrian Central Bank, LMU Munich Workshop "Natural Experiments and Controlled Field Studies", EFA Warsaw (scheduled), Yale Junior Finance Conference (scheduled)