

JOHNATHAN A. LOUDIS

Office 248
Mendoza College of Business
University of Notre Dame
Notre Dame, IN 46556

Office: 574.631.0652
Cell: 518.577.6676
Email: jloudis@nd.edu
Web: johnathanloudis.org

ACADEMIC APPOINTMENTS

2019 - University of Notre Dame, Mendoza College of Business
Assistant Professor of Finance

2019 - The Notre Dame Institute for Global Investing
Faculty Fellow

NON-ACADEMIC POSITIONS

2009 - 2013 GE Global Research (Researcher)
2008 - 2009 SustainX (Senior Engineer)
2007 - 2008 Oliver Wyman Financial Services (Consultant)

EDUCATION

2013 - 2019 University of Chicago Booth School of Business, *PhD* in Financial Economics, 2019
2013 - 2019 University of Chicago, *MA* in Economics, 2019
2005 - 2007 Dartmouth College, *MS* in Engineering Sciences, 2007
2001 - 2005 Thayer School of Engineering at Dartmouth College, *BE* in Engineering Sciences, 2005
2001 - 2005 Dartmouth College, *AB* in Engineering Sciences (*Summa Cum Laude*), 2005

PUBLISHED PAPERS

“The Conditional Expected Market Return” (with Fousseni Chabi-Yo)

The Journal of Financial Economics (2020)

Abstract: We derive lower bounds on the conditional expected excess market return and expected log market returns. The bounds are related to a volatility index, a skewness index, and a kurtosis index. The bounds can be calculated in real time at any date using the cross-section of option prices. The bounds require no-arbitrage assumptions, but do not depend on any distributional assumptions about market returns or past observations. The bounds are highly volatile, positively skewed, and exhibit fat tails. They imply that the term structure of equity returns is decreasing during turbulent times and increasing during normal times, and that the expected excess market return is on average 5%.

WORKING PAPERS

“Stock Price Reactions to the Information and Bias in Analyst-Expected Returns”

Best Paper in Asset Pricing: 2019 SFS Cavalcade Asia-Pacific

First Place: 2019 Chicago Quantitative Alliance Academic Competition

Abstract: I use a novel decomposition to extract information and bias components from the expected returns implied by analyst price targets and provide evidence that the market does not efficiently incorporate these components into prices. Prices overreact to the bias component and reverse their initial reaction within three to six months. Prices underreact to the information component and returns drift in the direction of their initial reaction for up to 12 months. Trading against underreaction generates average monthly returns of 1.12% with a Sharpe ratio of 1.08. These average returns survive controlling for exposure to many standard factors.

“An Intertemporal Risk Factor Model” (with Fousseni Chabi-Yo and Andrei S. Goncalves)

Abstract: Current factor models do not identify risks that matter to investors. To address this issue, we provide a factor model implementation of the ICAPM, which captures market risk and intertemporal risk (i.e., changes in long-term expected returns and volatility). We build our intertemporal risk factors as mimicking portfolios for changes in dividend yield and realized volatility and demonstrate that, ex-post, they capture news to long-term expected returns and volatility. Our estimated risk price signs are in line with the ICAPM and their magnitudes imply an average risk aversion around five. Moreover, the ICAPM performs comparably with (and mostly better than) previous factor models in terms of its maximum (out-of-sample and cost-adjusted) sharpe ratio as well as its pricing of the testing assets Lewellen, Nagel, and Shanken (2010) recommend: single stocks, industry portfolios, correlation-clustered portfolios, and bond portfolios.

“A Decomposition of Conditional Risk Premia and Implications for Representative Agent Models” (with Fousseni Chabi-Yo)

Abstract: We develop a methodology to decompose the conditional market risk premium and risk premia on arbitrary moments of excess market returns into components related to contingent claims on down, up, and normal market returns. We call these components the downside, upside, and central risk premia. The decomposition does not depend on assumptions about investor preferences or the market return distribution, and can be computed in real time using a cross-section of option prices. The components’ contributions to total risk premia vary significantly over time and across investment horizon. Our risk premium decomposition offers a powerful tool for evaluating representative agent models in a conditional setting. We develop a related methodology to estimate analogous conditional decompositions implied by leading representative agent models, and compare these to the data-implied decompositions. Although many representative agent models match the unconditional market risk premium, they generally do a poor job matching the downside, central, and upside risk premia both conditionally and unconditionally.

WORK IN PROGRESS

“Idiosyncratic Labor Income in a Production General Equilibrium Model” (with Miguel Palacios and Lawrence Schmidt)

Abstract: We develop a highly tractable, general equilibrium model with production and incomplete markets. In

the model, agents can invest in physical capital and human capital, where the latter investment technology is subject to uninsurable, idiosyncratic disaster risk. The quantity of both inputs is time-varying and endogenously determined in equilibrium, subject to aggregate adjustment costs. We demonstrate that the presence of uninsurable risk has first-order implications for the riskiness of human capital; in particular, the risk premium on human capital and the share of total wealth in human capital are considerably larger and smaller, respectively, relative to the complete markets benchmark. Moreover, the presence of state-dependent, idiosyncratic risk increases the equity risk premium and has important implications for agent's optimal investment behavior.

PUBLISHED PAPERS (MATERIALS SCIENCE)

“The impact of technological innovation on critical materials risk dynamics” (with A. Ku and S. Duclos), *Sustainable Materials and Technologies* 15 19-26, 2018.

“Microstructural evolution of a spinodally formed $Fe_{35}Ni_{15}Mn_{25}Al_{25}$ ” (with I. Baker, R.K. Zheng, D.W. Saxey, S. Kuwano, M.W. Wittmann, K.S. Prasad, Z. Liu, R. Marceau, P.R. Munroe, and S.P. Ringer), *Intermetallics* 17 (11) 886-893, 2009.

“Dislocation identification and in situ straining in the spinodal $Fe_{30}Ni_{20}Mn_{25}Al_{25}$ alloy” (with I. Baker), *Microscopy Research and Technique* 71 (7) 489-486, 2008.

“ α - and β -Mn precipitates in the spinodal $Fe_{30}Ni_{20}Mn_{25}Al_{25}$ alloy” (with I. Baker), *Philosophical Magazine* 87 (35) 5639-5656, 2007.

“Fe/Fe oxide nanocomposite particles with large specific absorption rate for hyperthermia” (with Q. Zeng, I. Baker, Y. Liao, P.J. Hoopes, and J.B. Weaver), *Applied Physics Letters* 90 (233112), 2007.

“Synthesis and heating effect of iron/iron oxide composite and iron oxide nanoparticles” (with Q. Zeng, I. Baker, Y.F. Liao and P.J. Hoopes), *Proceedings of SPIE - Volume 6440; Thermal Treatment of Tissue: Energy Delivery and Assessment IV*, Thomas P. Ryan, Editor, Feb. 9, 2007.

“Microstructure and mechanical properties of an extruded $Fe_{30}Ni_{20}Mn_{25}Al_{25}$ alloy” (with T.C. Boyd, D.A. Coen and I. Baker), *Materials Research Society Conference Proceedings: Advanced Intermetallic-Based Alloys Symposium II*, David Morris et al., Editors, Nov. 27-30, 2006.

SEMINAR AND CONFERENCE PRESENTATIONS (*presented by a co-author)

2021	Midwest Finance Association (scheduled), Purdue University*
2020	European Financial Management Association (scheduled but canceled), University of Notre Dame, New York University*, The Ohio State University*, University of North Carolina at Chapel Hill*, Triangle Macro-Finance Workshop*, UMass Amherst*
2019	SFS Cavalcade Asia-Pacific, Midwest Finance Association, Chicago Quantitative Alliance, Arizona State University, George Mason University, Indiana University, Michigan State University, Notre Dame, Rice University, UC San Diego, UMass Amherst, University of Toronto, Vanderbilt University, Virginia Tech
2018	Illinois Economic Association, Miami Behavioral Finance Conference (poster), Washington University in St. Louis (EGSC), Chicago Booth, Université Laval*, UMass Amherst*, Texas A&M*, Goethe University Frankfurt*
2017	Washington University in St. Louis (EGSC)

OTHER ACADEMIC ACTIVITIES

Referee: Journal of Finance, Review of Financial Studies, Management Science, Journal of Financial and Quantitative Analysis, Journal of Empirical Finance, Journal of Futures Markets

Discussions: Illinois Economic Association (2018)

HONORS AND AWARDS

2013-2018	Drumheller Family Foundation PhD Fellowship
2017	Yale Summer School in Behavioral Finance
2015	Princeton Initiative: Macro, Money and Finance
2005-2007	National Science Foundation Graduate Research Fellowship
2005-2007	Marc G. Fragge 1987 (Thayer 1989) Memorial Fellow
2005	Phi Beta Kappa
2004	Tau Beta Pi Engineering Honor Society