

# Ryan Israelsen

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## Research Interests

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Production/Investment Based Asset Pricing  
Real Estate Finance  
Information and Learning

## Education

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PhD (expected), Finance, University of Michigan	2009
MS, Financial Engineering, University of Michigan	2003
BA, Economics, Utah State University	2000

## Experience

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Research Assistant, Finance, University of Michigan	2002-2008
Grad. Student Instructor, Finance, University of Michigan	2005
Quantitative Analyst, University Financial Associates	2002-2005
Grad. Student Instructor, Financial. Engineering, University of Michigan	2003
Research/Teaching Assistant, Economics, Utah State University	1998-2001
Intern, American Embassy, Rome, Italy	1998

## Publications

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**Predictability in Equilibrium: The Price Dynamics of Real Estate Investment Trusts** (with Capozza). *Real Estate Economics*, 35(4): 541-567, 2007.

**Appraisal, Agency, and Atypicality: Evidence from Manufactured Homes** (with Capozza and Thomson). *Real Estate Economics*. 33(3): 509-537, 2005.

## Working Papers and Works in Progress

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### **Investment Based Valuation (Job Market Paper).**

Abstract: A generalized version of the standard neoclassical investment model can explain the relatively high equity prices in the late 1990s and early 2000s in the US corporate nonfinancial and NASDAQ sectors along with the relatively low prices before and after this period. Stock returns predicted by the model are as volatile as the observed stock returns in both sectors. Three key model assumptions are multiple capital goods, non-quadratic adjustment costs and investment-specific technological change. During the "bubble" period, investment in equipment is relatively high - consistent with high expected cash flows and high prices. Investment rates subsequently fall - consistent with lower expected cash flows and lower prices. On average, managers' forecasts are correct. Increases in the growth rate of equipment investment coincide with decreases in measured productivity growth. This is consistent with the unobserved diversion of labor from producing output towards accumulating human capital or other intangible assets.

### **Can Analyst Coverage Explain Excess Comovement?**

Abstract: Many studies have shown that when stocks are added to an index, their betas with respect to that index tend to increase. I find evidence that much of this increased correlation is due to information. In particular, when stocks enter the S&P 500 index, the same analysts that cover S&P 500 stocks begin to cover the new stock. If individual analysts' earnings forecast errors are correlated across stocks, the stock return correlations will be higher than fundamental correlations. I develop a measure of analyst correlation and find: 1) On average, this correlation with respect to the S&P 500 index *increases* for stocks when they are *added* to this index, and *decreases* for stocks when they are *dropped* from the index, and 2) When stocks are added to the index, the changes in beta are larger for stocks with larger increases in analyst correlation and smaller as overall analyst coverage increases.

### **The Cross Section of Returns and Learning about Profitability.**

Abstract: I introduce noisy signals about earnings into a neoclassical investment model. If firms are not able to adjust investment continuously, or if such adjustments are non-observable, stock returns exhibit excess comovement and momentum. Signals are the sums of systematic and idiosyncratic profitability state variables plus an error. Investors rationally update their beliefs about the systematic and idiosyncratic profitability states, expected returns, and covariances based on prior beliefs and the signals. Stocks with noisy signals (e.g., low analyst coverage) will tend to move together as little is learned about the idiosyncratic states. Stocks with correlated signal errors (e.g., similar analysts) will tend to move together. Additionally, I solve for risk premia, betas, and the risk free rate which all depend on both the fundamentals and the information structure.

**When is a Bubble not a Bubble?** (with Shumway)

**Momentum, Reversion and Intrinsic Value** (with Capozza)

## Awards

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Allan Gilmour Fellowship in Finance	2008
Ross School of Business Research Award	2007-2008
James and Ruth Close Scholarship	2007-2008
AFA Student Travel Award	2007
Business School Fellowship and Rodkey Fellowship	2003-present
Best Paper Award, Business Division, Utah Academy	2000, 2002, 2006, & 2007
Questar Scholarship, Utah State University.	
Vernon Scholarship, Utah State University.	

## Presentations and Professional Service

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Discussant:

ASSA/AREUEA meetings: 2007

Presentation:

ASSA/AREUEA meetings: 2004, 2007

WEAI meetings: 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000

Michigan: 2008, 2007, 2006, 2004, 2003

Michigan State University: 2008

## Other Selected Publications

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**Ultimate Inequality: Determinants of Life Expectancies in Mountain States Counties.** *The Journal of the Utah Academy of Sciences, Arts, and Letters*. 79, April 2004. (with Israelsen and Israelsen)

**Did Immigration of Non-English Speaking People Increase Relative Income and Wealth Inequality in 19<sup>th</sup>-Century Utah?** *The Journal of the Utah Academy of Sciences, Arts, and Letters*. 77:96-109, April 2003. (with Israelsen)

## References

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**Lu Zhang (advisor)**

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**Dennis Capozza**

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