MATTHEW C. PLOSSER

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EDUCATION

University of Chicago, Booth School of Business, Ph.D. *2012*
Economics and Finance; Dissertation Chair: Prof. Anil Kashyap

University of Chicago, Booth School of Business, M.B.A. *2012*

Princeton University, A.B. *2001*
Economics, *cum laude*

PROFESSIONAL EXPERIENCE

Federal Reserve Bank of New York *2012-Present*
Economist - Research, Financial Intermediation Function

Scout Capital Management *2003-2006*
Hedge Fund Associate - Healthcare Coverage

J.P. Morgan Securities *2001-2003*
Investment Banking Analyst - Mergers & Acquisitions, Consumer/Healthcare

CURRENT RESEARCH

Interests: Financial Intermediation, Entrepreneurial Finance, Corporate Finance

Working Papers:
Bank Heterogeneity and Capital Allocation: Evidence from Fracking Shocks (Job Market Paper)
This paper empirically investigates how banks of varying size invest an unsolicited inflow of deposits over the business cycle. I generate exogenous shocks to bank deposits by exploiting the development of new oil and gas fields using 'fracking' technologies that result in significant cash windfalls to landowners and large increases in local deposits. I compare the investment decisions of small- and medium-sized banks in response to these shocks and find that in normal times both types lend in response to a supply shock. The composition of their lending portfolio varies, with smaller banks investing more in 'soft' information intensive assets relative to larger banks. However, during the financial crisis small banks invest significantly less of their incremental deposits in loans, purchasing liquid assets instead. My findings suggest that during adverse times, even in a developed economy like the U.S., capital may become trapped inside several small banks.

Seeing the Forest Through the Trees: The Impact of Aggregate Discount Rates on Buyout Activity (with Valentin Haddad and Erik Loualiche)
We provide a novel explanation of leveraged buyout (LBO) waves based on the role of aggregate discount rates. We develop a model in which an LBO eliminates agency costs that impede the firm's growth but require investors to hold an undiversified position. Discount rates impact the value of a deal through two channels: the value of agency costs and the illiquidity premium demanded by buyout investors. We conclude that more LBOs should occur when risk-free rates are high and the risk premium is low. In a panel dataset of public companies from 1980 to 2009, we confirm that LBO activity is positively related to the risk-free rate and negatively related to expected excess returns. We find the aggregate discount rate explains a large portion of the time-series variation and is a more important determinant of activity than credit market factors. We find further support for our view in the cross-section; the model predicts firms with higher exposure to systematic shocks and higher idiosyncratic risk are less attractive LBO candidates. In the data, we find firms are less likely to privatize if they have a high market beta, residual variance, or cash flow volatility.

Work in Progress:
- *The Impact of the Healthcare Debate on Small Business Activity and Employment*
- *The Costs of Empire Building: Insider Ownership and Acquirer Returns*

TEACHING/RESEARCH EXPERIENCE

Instructor: Ph.D. Introductory Math Camp – Probability, Statistics, Econometrics, Fall 2009, 2010

Teaching Assistant Positions:

Course	**Professor**	**Quarter**
Investments (MBA)	Ralph Koijen	Winter 2009
Financial Markets and Institutions(MBA)	Douglas Diamond	Spring 2009, 2010
Investments (Citadel Investments)	John Heaton	Summer 2009, 2010, 2011
Money and Banking (MBA)	Randall Kroszner	Fall 2009
Financial Decision Theory I (Ph.D.)	Eugene Fama	Fall 2009

Research Assistant Prof. Randall Kroszner, Fall 2009

HONORS AND AWARDS

- Wesley C. Pickard Ph.D. Fellowship 2009-2010
- Summer Paper Award 2007
- Booth School of Business Student Fellowship 2006-2009

REFERENCES

Anil Kashyap (Chair)
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