

Mitchell S. Johnston

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Academic Experience

University of Dayton 2019-Present
Assistant Professor of Finance

Education

Purdue University Krannert School of Management 2019
PhD in Finance

Purdue University Krannert School of Management 2014
MBA, Concentration in Finance

Ohio State University Fisher College of Business 2006
BSBA, Concentration in Accounting (with Honors, Summa Cum Laude)

Publications

Angelo, Ben, and Mitchell Johnston. "Technological innovation and stock returns: Innovative skill versus innovative luck." *Financial Review* (2023).

Angelo, Ben, and Mitchell Johnston. "Do investors infer future cash flow volatility based on liquidity?." *Review of Quantitative Finance and Accounting* 60, no. 1 (2023): 259-294.

Working Papers

"Issuing Frequency and the Cost of Municipal Financing"
(with John Fulkerson and Nancy Haskell)

We consider how issue frequency affects the yields paid by municipal bond issuers. Less frequent issuers pay higher yields (3.5 basis points per year) compared to frequent issuers. The higher yield stems partly from perceived lower information quality and partly from low investor demand. Investors place significant weight on prior issue activity when evaluating a bond, and municipalities that infrequently issue pay a penalty to participate in the market.

“The Highs, Lows, and In-Between: Intraday Prices and Future Returns”

(with Chao Gao and Xiaoyan Zhang)

I examine movements in the closing price that are different than the movements of the high and low prices on a given day. Instances in which the closing price deviates from the movements in the high-low midpoint are a strong predictor of future abnormal returns. The predictive power of my variable of interest, HLDiff, holds across size groups and sub-periods as well as in the presence of other common determinants of stock returns. I also find that the HLDiff factor is consistent with mispricing and is capable of explaining the pricing errors of six well-known anomalies.

“Tone at the Trump: The Impact of President Trump’s Idiolect on the Informational Efficiency of Conference Calls”

(with Ben Angelo)

Prior literature has considered factors that impact manager word choice on conference calls. In this paper, we consider the impact of President Trump’s idiolect on the discourse of conference calls. By generating a novel metric for Trump-like speech, we provide evidence that managers reduced their level of Trump-like speech after the inauguration of President Trump. Further, we present evidence that investors view Trump-like speech as informative. However, investors did not change their response to Trump-like speech after President Trump’s inauguration. These results suggest that the speaking style of the President can influence the word choice of managers but does not alter investor behavior.

“Managerial Ownership in a Private Firm Framework”

(with Chao Gao)

We empirically study the relationship between managerial ownership and firm performance in a unique private firm setting. The simplicity of the ownership structure and nature of our sample firms help isolate the incentive-aligning effect of managerial ownership from the influence of other effects. We find that, overall, managerial ownership is positively associated with firm performance. Similar to previous studies on public firms, this positive association is concave and reversed when the ownership level is high in our sample, challenging managerial entrenchment as the explanation. We use managerial effort and a change of corporate policy to further mitigate the endogeneity concerns. By and large, our findings support managerial ownership as an effective incentive-aligning tool.

Work In Progress

“Forward Looking Statements and Market Returns”

(with Ben Angelo)

“Managerial Tone Distance and Stock Returns”

(with Chao Gao)

“Multi-firm Insiders and the Informativeness of Insider Transactions”
(with Chao Gao)

Other Professional Activities

Journal Referee

Management Science (A* Journal according to ABDC Journal List)

Board Appointments

Winsupply Board	<i>2021-Present</i>
Winsupply President Advisory Board	<i>2021-Present</i>
Winsupply Support Services Advisory Board	<i>2020-2021</i>

Presentations

Conference Presentations

2023

Financial Management Association Annual Meeting, Financial Governance & Corporate Governance Conference, National Association of Business, Economics, and Technology

2022

AAA Midwest Regional Conference*, AAA Southeast Regional Conference*, Cutting Edge Conversations*, World Banking and Finance Symposium

2021

University of Dayton Summer Finance Workshop

2020

AAA Spark Conference, 2020*

Campus Presentations

2022

Ball State

2021

Tsinghua University

2018

Rowan University, University of Dayton, University of Wisconsin – Whitewater

Professional Presentations

2021

Winsupply

* indicates presentation by co-author

Teaching Experience

University of Dayton, Assistant Professor
Portfolio Management
Financial Management
Purdue University, Research Assistant
Financial Management, Fall 2018

Skills

Stata, SAS, Python, LaTeX, MATLAB

Awards

Krannert Certificate for Distinguished Teaching, 2017, 2018
Krannert Scholar (Top 5%), 2013
CPA Certified

Work Experience

Vector Trade	<i>2019-Present</i>
Equity Residential	<i>2009-2012</i>
KPMG LLP	<i>2006-2009</i>