The Department of Economics is pleased to announce a lecture by Dr. Zion Frankel

Hebrew University

On the topic:

"Dynamic Asset Sales with Information Externalities"

Sunday, November 31, 2013, at 11:30

Room 332 C (228), Arzi-Pe'er Building

Abstract

We analyze a dynamic model of a public firm in which a transaction of an asset sale conveys information about the firm's value. The information release affects a manager whose compensation is sensitive to the stock price. The model is based on having, in every period, a potential buyer that, with some probability, engages in symmetric information bargaining with the manager. We examine how the information externality affects the timing of the transaction, the prices at which these assets are sold, and the pattern of stock prices before and after the sale. We then analyze how the division of bargaining power between the buyer and the seller affects the above. We then consider the case in which the firm sells only some of its assets, and therefore a transaction affects the market perception of the inventory of the remaining assets.

Thank you for attending!

You can view the seminar's page on the website:

http://portal.idc.ac.il/en/schools/economics/about/Pages/seminars.aspx