Peter Vaporakis

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Education

PhD Finance, (expected)   2022 – 2026
Copenhagen Business School

Visiting Non-Degree PhD student   2025
New York University, Stern School of Business

M.Sc. Economics   2020 – 2022
University of Copenhagen
- Visiting student, University of Bologna, spring 2020

B.Sc. Economics   2016 – 2019
University of Copenhagen

Research Interests

Macro-Finance, Asset Pricing, Monetary Economics, Behavioral finance

Work in progress

Common belief distortions in stocks and bonds

This paper links belief distortions about short-term interest rates to distortions in equity market beliefs. I develop a novel survey-based decomposition of the short rate into short- and long-run components and show that perceptions of the short rate forecast stock returns. Short-rate perceptions predict short-rate errors which transmit into predictability of equity forecast errors and thereby returns. Deviations from rational information processing in the risk-free yield curve thus propagate to equity markets. To explain these findings, I build a dynamic risk-based model in which the short rate and dividend growth depend on both business-cycle and long-run components of economic growth. Agents operating under incomplete information misperceive these unobserved growth components, leading them to make persistent errors in expected cash flows and discount rates.

Subjective Trend Beliefs, with Harjoat Bhamra and Paul Whelan

This paper links expectations about monetary policy to return predictability via errors in the trend component of the term structure. Subjective beliefs about interest rate trends are obtained from the residuals of expected Taylor rule regressions estimated using individual agents forecasts of Federal Funds, GDP and inflation. We show the beliefs encoded in these residuals coincide with deviations in a cointegrating relationship between the long-run equilibrium Federal Funds, GDP and inflation. Trend beliefs are a powerful forecaster of future realised bond excess returns because they are orthogonal to subjective bond risk premia and instead predict interest rate errors. These errors are orthogonal to cyclical errors about GDP and inflation and are instead linked to beliefs about the long run. A distorted beliefs model of trend and cycle can quantitively explain these patterns highlighting the importance of belief formation about long run quantities in shaping asset prices.

How 'Bad' is Consumption Based Asset Pricing?, with Harjoat Bhamra and Paul Whelan

This paper studies the small-sample properties and biases that arise in tests of equilibrium asset pricing models and shows that proxying for the return on investment wealth via the return on the market renders inference on preferences meaningless (an extended Roll (1977)'s critique). We quantify the size of this distortion through simulation and revisit the literature on recursive preferences and alternative consumption measures. Based on distortions that the econometrician should expect we argue that consumption based asset pricing might not be so 'bad' after all.

References

Paul Whelan
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Niels Joachim Gormsen
Professor of Finance
Copenhagen Business School
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Harjoat Bhamra
Professor of Finance
Imperial College London
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Presentations

Copenhagen Business School	2023
Copenhagen Business School	2024
Baltic Economic Association	2025
Copenhagen Business School	2025

Discussions

Factor-Augmented VARs with Noisy Factor Proxies	2025
Emanuel Moench and Soroosh Soofi-Siavash	

Teaching

Corporate Finance, B.Sc., Copenhagen Business School	2023-2025
Econometrics 2, B.Sc. and M.Sc., University of Copenhagen	2022
Macroeconomics 1, B.Sc., University of Copenhagen	2019

PhD Workshops

Princeton University	2024
Princeton Initiative: Macro, Money and Finance	
Society of Financial Econometrics	2023
Monetary policy and the yield curve	

Other work experience

Danmarks Nationalbank	2020-2022
Research Assistant, Department of Economics and Monetary Policy	
Confederation of Danish Industry	2023
Student Assistant, Department of Economic Policy and Analysis	

Languages

English (fluent), Danish (native), Greek (basic)