1145-91-1803 **Maxim Bichuch*** (`mbichuch@jhu.edu`) and **Paolo Guasoni**. *The Learning Premium.*
We find equilibrium stock prices and interest rates in a representative-agent model where dividend growth is uncertain, but gradually revealed by dividends themselves, while asset prices reflect current information and the potential impact of future knowledge. In addition to the usual premium for risk, stock returns include a learning premium, which reflects the expected change in prices from new information. In the long run, the learning premium vanishes, as prices and interest rates converge to their counterparts in the standard setting with known dividend growth. If both relative risk aversion and elasticity of intertemporal substitution are above one, the model reproduces the increase in price-dividend ratios observed in the past century, and implies that – in the long run – price-dividend ratios may increase a further forty percent above current levels. (Received September 24, 2018)