JF 2022（06）

汇报人：周洁

2022.08.10

- 1. Are Analyst Short-Term Trade Ideas Valuable?
- 2. Factor Momentum and the Momentum Factor ⇨
- 3. Luck versus Skill in the Cross Section of Mutual Fund Returns: Reexamining the Evidence
- 4. Long-Run Risk: Is It There? ⇨
- 5. Is There a Risk Premium in the Stock Lending Market? Evidence from Equity Options ⇨
- 6. Fully Closed: Individual Responses to Realized Gains and Losses
- 7. The Wisdom of the Robinhood Crowd
- 8. Learning by Owning in a Lemons Market ⇨
- 9. Barbarians at the Store? Private Equity, Products, and Consumers
- 10. Resource Allocation in Bank Supervision: Trade-Offs and Outcomes ⇨
- 11. The Limits of Model-Based Regulation

trade ideas VS investment recommendation

Trade ideas, which have horizons of at most a few months（1-8周）, Trade ideas are based on information that allows analysts to formulate a short-term opinion about the likelihood of potential future market-moving events (i.e., catalysts) or about how the market will correct temporary mispricing arising from previously announced news.

In contrast, **investment recommendations**, which typically have a horizon of at least one year, reflect an analyst's investment thesis based on longer-horizon expectations of fundamental value supported by financial models

1. Are Analyst Short-Term Trade Ideas Valuable?

JUSTIN BIRRU, SINAN GOKKAYA, XI LIU, and RENÉ M. STULZ

- ABSTRACT

Short-term trade ideas are a component of analyst research $\longrightarrow$ highly valued by institutional investors.

Using a novel and comprehensive database

we find that trade ideas have a stock price impact at least as large as recommendation and target price changes.

| Trade ideas based on expectations of future events are more informative | Analysts with better access to a firm's management produce better trade ideas | Institutional investors trade in the direction of trade ideas. |

Investors following trade ideas can earn significant abnormal returns, consistent with analysts possessing valuable short-term stock-picking skills.

问题提出

- While a large literature analyzes the value of analyst recommendations, However, it is not clear whether analysts have short-term stock-picking ability to make valuable trade ideas that predict upcoming corporate actions or market movements.

- A plausible reason for the absence of such a study is that academics can study recommendations without reading analyst reports because standard academic databases report recommendations whereas short-term trade ideas must be extracted from the text of analyst reports distributed by third-party providers.

本文工作

In this paper, we build a novel, comprehensive database of trade ideas and show that these ideas convey valuable information to the market and investors. We then investigate what constitutes a valuable trade idea.

we use a comprehensive sample of 4,543 trade ideas manually constructed from Thomson Reuters Investext and Thomson Reuters Eikon between 2000 and 2015 to identify trading buy/sell ideas issued by 688 unique sell-side analysts employed at 77 unique brokerage houses on 1,619 unique firms.

研究方法

Event-day regressions

- intraday stock price impact of trade ideas disclosed

- 30-minute period centered on the time stamp of the trade idea announcement (i.e., [−15 min, +15 min])

创新

- First, we contribute to the literature that seeks to shed light on the information conveyed by analyst actions. (examining an analyst research product)

- Second, our paper contributes to the recent debate on whether analysts have skill that makes their advice about individual firms valuable. (possess short-term stock-picking ability)

- Finally, we add to the long-standing debate on whether institutional investors value and trade on sell-side research. (sell-side research significantly affects the trading behavior of institutional investors)

研究结论

Investors following trade ideas can earn significant abnormal returns, consistent with analysts possessing valuable short-term stock-picking skills.

Factor Momentum:股市因子（市场指数、规模、价值、盈利能力、投资等）其实也存在动量效应：做多过去盈利的因子、做空过去亏损的因子的策略也能获得收益

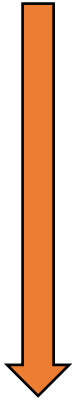Factor momentum is a strategy that bets on these autocorrelations in factor returns.
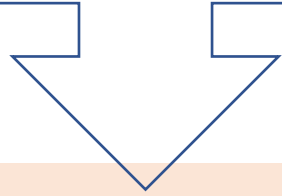
2. Factor Momentum and the Momentum Factor

SINA EHSANI and JUHANI T. LINNAINMAA

• ABSTRACT

Momentum in individual stock returns relates to momentum in factor returns

• Most factors are positively autocorrelated.

the average factor earns a monthly return of six basis points following a year of losses and 51 basis points following a positive year.

• We find that factor momentum concentrates in factors that explain more of the cross section of returns

• and that it is not incidental (附带的)to individual stock momentum : momentum-neutral factors display more momentum.

• Momentum found in high-eigenvalue principal component factors subsumes most forms of individual stock momentum.

Our results suggest that momentum is not a distinct risk factor—it times other factors.

问题提出

- In this paper, we show that momentum is a dynamic portfolio that times other factors. Rather than being unrelated to the other factors, momentum relates to all of them.

创新

- We first show that factors' prior returns are informative about their future Returns

- Why are factors autocorrelated? We show that Kozak, Nagel, and Santosh's (2018) model of sentiment investors leads to factor reversal or momentum depending on the persistence of sentiment.

- Our contribution is to show that we can capture all of momentum profits by timing other factors.

研究方法

- Transmission of Factor Momentum into the Cross Section of Stock Returns
- time-series regressions

研究结论

- We find that factor momentum concentrates in the high-eigenvalue PCs, that is, in factors that explain more of the cross section of returns.

- factor momentum explains the "standard" momentum, industry-adjusted momentum, industry momentum, intermediate momentum, Sharpe momentum, and three versions of residual momentum. By contrast, these other momentum factors do not explain factor momentum.

- Factor momentum may stem from mispricing. We show that KNS model with sentiment investors produces factor momentum when sentiment is sufficiently persistent

3. Luck versus Skill in the Cross Section of Mutual Fund Returns: Reexamining the Evidence

CAMPBELL R. HARVEY and YAN LIU

- ABSTRACT

While Kosowski et al. (2006, Journal of Finance) and Fama and French(2010, Journal of Finance) both evaluate whether mutual funds outperform, their conclusions are very different.

- We reconcile their findings

- We show that the Fama-French method suffers from an undersampling problem that leads to a failure to reject the null hypothesis of zero alpha, even when some funds generate economically large risk-adjusted returns.

- In contrast, Kosowski et al. substantially overreject the null hypothesis, even when all funds have a zero alpha.

We present a novel bootstrapping approach that should be useful to future researchers choosing between the two approaches..

问题提出

- Kosowski et al. (2006) find that a substantial fraction of funds outperform. In contrast, Fama and French (2010) provide evidence that no advantage exists for active compared to passive management.

- In this paper, we seek to shed light on why the conclusions of these two studies are so diametrically opposed when both studies use similar data and a common bootstrapping approach.

研究方法

Our technique is related to Harvey and Liu (2020) and is designed to capture the ability of each approach to correctly identify the outperforming funds. We provide five different comparisons that we believe will be useful to future researchers seeking to choose the most powerful technique.

创新

Our paper is related to the considerable statistics literature on bootstrap-based inference, our empirical approach takes higher-order moments into account.

we adjust the original percentile statistics in Fama and French (2010). Our adjusted statistics are likely more robust to extreme test statistics in the cross section and hence more informative about the additional question of how many funds are outperforming.

研究结论

Applying the adjusted Fama-French methods, our evidence on mutual fund outperformance lies somewhere between Kosowski et al. (2006) and Fama and French (2010)

a persistent component in consumption growth, known as "long-run risk"

Our paper provides a narrative approach that links investor perception, persistence in consumption growth, and asset prices.

4. Long-Run Risk: Is It There?

YUKUN LIU and BEN MATTHIES

This paper documents the existence of a persistent component in consumption growth.

We take a novel approach using news coverage to capture investor concern about economic growth prospects.

We provide evidence that consumption growth is highly predictable over long horizons—our measure explains between 23% and 38% of cumulative future consumption growth at the five-year horizon and beyond.

Furthermore, we show a strong connection between this predictability and asset prices.

- Innovations to our measure price 51 standard portfolios in the cross section

- and our one-factor model outperforms many benchmark macro- and return-based multifactor models.

问题提出

- The difficulties the canonical consumption-based asset pricing model faces in matching key empirical moments in both the time series and the cross section have sparked a large theoretical literature. While many models have been developed to account for these empirical regularities, a common critique of these models is that their assumptions are difficult to verify in the data. Moreover, by construction, many of their predictions are similar, making them hard to distinguish empirically.

本文工作

- In this paper, we show that consumption growth does indeed contain a persistent component and that this component has significant cross-sectional asset pricing power.

研究方法

- a general framework that incorporates a persistent component in consumption growth

- Parsing articles in the Wall Street Journal (WSJ) for words related to economic growth and then aggregating to the monthly level---- **"N-index."**文本分析

- We test the cross-sectional asset pricing power of the NI-index by implementing the Fama and MacBeth (1973) two-pass regression approach on a set of 51 standard test portfolios.

创新

We take a novel approach using news coverage to capture investor concern about economic growth prospects.

研究结论

- consumption growth is highly predictable by the N-index, especially over long horizons, which directly supports the existence of a persistent component.

- The evidence suggests that a persistent component of consumption growth is an important pricing factor in the cross section of asset prices.

- Overall, our findings suggest that news coverage and investor concern about economic growth are driven in part by investor perception of long-horizon economic growth prospects（投资者对长期经济增长前景的看法）.

5. Is There a Risk Premium in the Stock Lending Market? Evidence from Equity Options

DMITRIY MURAVYEV, NEIL D. PEARSON, and JOSHUA M. POLLET

Recent research argues that uncertainty about future stock borrowing fees hinders short-selling, and this risk explains the performance of short strategies.

One possible mechanism is that borrowing fee risk carries a risk premium.

Since the present value of the uncertain borrowing fee is reflected in options prices, the difference between option-implied and realized fees estimates this premium.

- We find that the risk premium is small.

- Moreover, if the risk premium is substantial, it should be reflected in the returns to short-selling stock after adjusting for stock borrowing fees. However, borrowing fee risk does not predict fee-adjusted returns.

5. Is There a Risk Premium in the Stock Lending Market? Evidence from Equity Options

山西财经大学
Shanxi University of Finance and Economics

问题提出

- A large literature show that proxies for short-selling activity and short-sale constraints, including short interest and stock borrowing fees among other variables, predict the cross section of stock returns. The magnitude and persistence of this predictability, however, remain a puzzle.

- An implication of the Engelberg, Reed, and Ringgenberg (2018) analysis is that short sellers should receive a risk premium for exposure to the risks of stock loan recalls and borrowing fee changes.

数据与指标

However, there is no active market for term stock loans. Instead, the term borrowing fee can be inferred or "implied" from options prices.

borrowing fee risk premium：The average difference between the option-implied borrowing fee, calculated using end-of-day quotes from Option Metrics and the Center for Research in Securities Prices (CRSP), and the accumulated borrowing fee during the options' lives from Markit provides an estimate of the borrowing fee risk premium

研究结论

- We conduct this exercise and find that the estimates of the risk premium are small.

- In particular, the risk premium estimate near zero for the subsample of easy-to-borrow stocks with low short fee risk indicates that our computation of the implied fee adjusted for early exercise is reasonable.

- the option-implied borrowing fee predicts future stock returns even after controlling for other measures of short-selling activity, consistent with its interpretation as a measure of the current and expected future costs of borrowing stock.

外生事件

6. Fully Closed:
Individual Responses to Realized Gains and Losses

STEFFEN MEYER and MICHAELA PAGEL

how individuals reinvest realized capital gains and losses exploiting plausibly exogenous sales due to mutual fund liquidations.

Individuals reinvest 83% if a forced sale results in a gain relative to the initial investment; but reinvest only 40% in the event of a loss.

This difference is statistically significant for more than six months and arises because many individuals forced to realize a loss choose not to reinvest anything and some even exit the stock market altogether.

Individuals treat realized losses differently from paper losses and are discouraged from investing more and participating in the stock market.

问题提出

• Why do investors react （reinvest）differently to a mutual fund closure resulting in a capital gain than to one resulting in a loss？

数据

We combine information on 3,306 fund closures in German retail bank with a unique panel data set of 99,231 retail investors over the period 2003 to 2016. Since individuals in our sample do not necessarily hold a fund that closes, our final sample of forced sales consists of 2,222 cases, with two-thirds of these events occurring in 2007.

创新

In this paper, we directly show that retail investors who experience realized capital losses often choose not to reinvest at all and become more likely to exit the stock market.

研究结论

If a gain is realized, individuals reinvest almost 83% of their funds. If, however, a loss is realized, then individuals reinvest only 40% of their funds.

we find evidence that both investor preferences and beliefs change in response to being forced to sell at a loss.

we also find that individuals tend to invest more when they hold a paper losses.

The online retail brokerage company Robinhood (RH) was founded in 2013 with a plan to make it easier and cheaper for small investors to participate in the stock and option markets. Its customers are widely believed to be a novice investor.. By mid-2020, Robinhood was reported to have attracted a clientele of over 13 million investors.
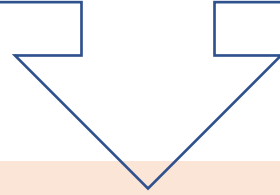
7. The Wisdom of the Robinhood Crowd

IVO WELCH

Robinhood investors increased their holdings in the March 2020 COVID bear market, indicating an absence of collective panic and margin calls. This steadfastness was rewarded in the subsequent bull market.

Despite unusual interest in some "experience" stocks (e.g., cannabis stocks), they tilted primarily toward stocks with high past share volume and dollar-trading volume (themselves mostly big stocks).

From mid-2018 to mid-2020, an aggregated crowd consensus portfolio (a proxy for the household-equal weighted portfolio) had both good timing and good alpha.

问题提出

- The active participation of such tiny investors on this large scale is a new phenomenon. Thus, the academic literature still knows very little about them.

- It is difficult to imagine that small retail investors could have previously coordinated into a collective short-squeeze, as they did with Gamestop in January 2021. 20-325-225-90-53 In the meantime, many hedge funds had to liquidate large positions at huge losses. Melvin alone lost about $4 billion. it is widely believed that RH investors played a central role.

创新

Robinhood Crowd

研究结论

- RH investors tilted mostly toward stocks with above-average trading volume over the previous 12 months.

- RH investors had a preference for stocks of firms with products that they were familiar with.

- From the mid-2018s to the mid-2020s, the RH consensus portfolio performed well in the cross section, earning positive alphas with respect to the risk-free rate, the market model, and a Fama and French (2015) five-factor plus momentum model.

This paper investigates market prices and trading behavior when asset owners learn over time about the value of their assets

8. Learning by Owning in a Lemons Market

JORDAN MARTEL, KENNETH MIRKIN, and BRIAN WATERS

We study market dynamics when an owner learns about the quality of her asset over time.

- Since this information is private, the owner sells strategically to a less informed buyer following sufficient negative information.

- In response, market prices feature a "U-shape" and trading probabilities a "hump-shape" with respect to the time to sale.

- As the owner initially acquires greater information, buyers suffer greater adverse selection, and prices fall accordingly. Eventually, the probability of an informed sale shrinks, and prices rebound.

We provide evidence consistent with our model in markets for residential real estate, venture capital investments, and construction equipment..

问题提出

- Asset owners collect private information about the quality of their assets. For example, a homeowner may learn about the desirability of her neighborhood by exploring the local community and interacting with her neighbors. Likewise, a venture capital (VC) investor may learn about the viability of a portfolio company by maintaining a close eye on company developments and company personnel.

- Focusing on this setting with owner learning, we show that asset prices follow a U-shape and trading volumes a hump-shape with respect to the length of time an asset is owned prior to sale.

研究方法

The economy consists of a single asset owner and a competitive market of prospective buyers.

创新

we provide new evidence of a U-shaped price path in the markets for residential real estate, VC investment, and heavy equipment, the model is also related to an established literature that studies prices and trading activity in durable goods markets.

In contrast to previous models studying adverse selection in dynamic markets, asset prices and trading volumes are therefore negatively correlated in this setting, since greater strategic selling pushes market prices further downward.

总结

由于信息是私下披露的，业主在得知新的负面信息后，会战略性地向不太知情的买家出售信息。作为回应，资产价格和交易活动可以预测地随着所有者在出售前的所有权长度而变化。当负面信息随着时间的推移逐渐显现时，价格最初会随着所有者对持续的负面信息开始战略性抛售而下跌，然后随着市场信息不对称程度的消退而反弹。

In this paper, we use microlevel retail scanner data to study PE's strategies in the consumer product market.
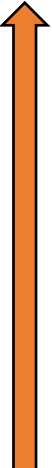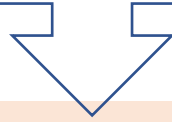
9. Barbarians at the Store? Private Equity, Products, and Consumers

CESARE FRACASSI, ALESSANDRO PREVITERO, and ALBERT SHEEN

We investigate the effects of private equity firms on product markets using price and sales data for an extensive number of consumer products.

Following a private equity deal, target firms increase retail sales of their products 50% more than matched control firms.

- Price increases—roughly 1% on existing products—do not drive this growth;
- the launch of new products and geographic expansion do;
- Competitors reduce their product offerings and marginally raise prices.

Cross-sectional results on target firms, private equity firms, the economic environment, and product categories suggest that private equity generates growth by easing financial constraints and providing managerial expertise.

supervisory staff、 workload、 work hours

10. Resource Allocation in Bank Supervision: Trade-Offs and Outcomes

THOMAS M. EISENBACH, DAVID O. LUCCA, and ROBERT M. TOWNSEND

We estimate a structural model of resource allocation on work hours of Federal Reserve bank supervisors to disentangle how supervisory technology, preferences, and resource constraints impact bank outcomes.

We find a significant effect of supervision on bank risk and large technological scale economies with respect to bank size.

Consistent with macroprudential objectives, revealed supervisory preferences disproportionately weight larger banks, especially post-2008 when a resource reallocation to larger banks increased risk on average across all banks.

Shadow cost estimates show tight resources around the financial crisis and counterfactuals indicate that binding constraints have large effects on the distribution of bank outcomes.

问题提出

- Previous literature on bank supervision and regulation focuses mostly on distorted incentives of supervisors and lax regulation（监管者扭曲激励和放松监管） as factors contributing to past financial crises. In contrast, in this paper we study the importance of the availability and allocation of supervisory resources for the level and distribution of risk in the banking system.

创新

The structural model allows us to make two types of contributions.

- First, enables to decompose the empirical loadings of supervisory hours on bank size and risk into the effects of supervisory technology and preferences. To estimate supervisory preference weights and to show how they vary with bank characteristics.

- Second, the structural model enables us to study counterfactual allocations to quantify how resource scarcity and supervisory preferences affect the overall level and distribution of risk across banks.

研究方法

- We provide new insights on the importance of supervisory resources using a structural model of bank supervision estimated on a unique data set of work hours spent by Federal Reserve staff supervising the universe of U.S. bank holding companies (BHCs).

结论

Our structural model provides new insights on how the technology of bank supervision, latent supervisory preferences, and resource scarcity shape bank outcomes. We find that supervision has an economically large effect in lowering bank distress.

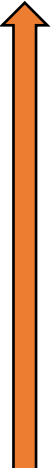In this paper, we use microlevel retail scanner data to study PE's strategies in the consumer product market.
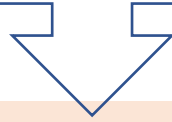
11. The Limits of Model-Based Regulation

MARKUS BEHN, RAINER HASELMANN, and VIKRANT VIG

Using loan-level data from Germany, we investigate how the introduction of model-based capital regulation affected banks' ability to absorb shocks.

The objective of this regulation was to enhance financial stability by making capital requirements responsive to asset risk.

- Our evidence suggests that banks "optimized" model-based regulation to lower their capital requirements. Banks systematically underreported risk, with underreporting more pronounced for banks with higher gains from it. Moreover, large banks benefitted from the regulation at the expense of smaller banks.

Overall, our results suggest that sophisticated rules may have undesired effects if strategic misbehavior is difficult to detect.

- **1. Are Analyst Short-Term Trade Ideas Valuable?**
- **2. Factor Momentum and the Momentum Factor** ⇨
- **3. Luck versus Skill in the Cross Section of Mutual Fund Returns: Reexamining the Evidence**
- **4. Long-Run Risk: Is It There?** ⇨
- 5. Is There a Risk Premium in the Stock Lending Market? Evidence from Equity Options ⇨
- 6. Fully Closed: Individual Responses to Realized Gains and Losses
- 7. The Wisdom of the Robinhood Crowd
- 8. Learning by Owning in a Lemons Market ⇨
- 9. Barbarians at the Store? Private Equity, Products, and Consumers
- 10. Resource Allocation in Bank Supervision: Trade-Offs and Outcomes ⇨
- 11. The Limits of Model-Based Regulation