Prof. Dr. Christian Conrad

Heidelberg University

Summer Term 2017

Seminar:
Empirical Finance

The objective of the seminar is to provide an overview of the empirical research on the cross-section of expected stock returns. Throughout the seminar, we will discuss the empirical evidence on the most important predictors of future stock returns. The seminar provides a strong understanding of the most prevalent patterns of risk and returns in the cross-section of stocks.

The main reference for the seminar is the following book:

- Turan G. Bali, Robert F. Engle and Scott Murray (2016). *Empirical Asset Pricing: The Cross Section of Stock Returns*, Wiley.

This book will be supplemented with selected readings from journals. Reading original journal articles is an integral part of learning an academic field, since it serves to introduce the students to the ongoing process of research, including its mis-steps and controversies.

The first meeting will take place on **April 25, 2017**, from **15.15 to 16.45** in room 01.030. The seminar takes place on July 07 and 08, 2017, in room 01.030. To register for the seminar, please fill out the registration form and send it to:

`empirischewirtschaftsforschung@awi.uni-heidelberg.de`

Deadline for registration is **April 16, 2017**.

After the first meeting, all students will have to read Part I (Chapters 1-6) and Chapter 7 of Bali et al. (2016). In a second meeting, we will discuss the contents of these chapters which are devoted to a review of the most widely used statistical methodologies in empirical asset pricing research. The objective of this part is to give a detailed understanding of how to conduct such analyses and how to interpret the results. Each student is then assigned to one of the following topics from Part II of the book:

1. Beta
2. The Size Effect
3. The Value Premium
4. The Momentum Effect
5. Short-Term Reversal
6. Liquidity
7. Skewness

8. Idiosyncratic Volatility
9. Liquid Samples
10. Option-Implied Volatility
11. Other Stock Return Predictors

During the seminar, students will present the empirical evidence on the various predictors of future stock returns, underlying economic theory and own empirical work. Presentations should be based on the respective chapters from Bali et al. (2016) as well as relevant journal articles.

Your grade will be based on the following: seminar paper, seminar presentation and active participation in the seminar discussion.