The post-publication performance of newly discovered anomalies: 2016 to 2019

Keywords: Empirical Asset Pricing, Anomalies, Return Predictability, International Stock Markets

Project description

In an influential study, David McLean and Jeffrey Pontiff (2016. Does academic research destroy stock return predictability? Journal of Finance, 71, 5–32) find that so-called anomalies, i.e. trading strategies that produce superior returns, largely disappear after being published in an academic journal. However, in a recent study we show that this post-publication decline in performance is observable only for the US stock market, but not for international markets (Jacobs, H., and Müller, S. 2020. Anomalies across the globe: Once public, no longer existent? Journal of Financial Economics, 135, 213-230).

This IDP should extend these two studies. Its goals are threefold. First, to systematically elicit all newly discovered anomalies that have been published in leading Finance outlets (Journal of Finance, Review of Financial Studies, Journal of Financial Economics, Review of Finance, Journal of Financial and Quantitative Analysis) between 2016 and 2019. Second, to replicate a set of these anomalies for an international dataset. To this end, you will have to develop, test, and apply a code in an appropriate language such as Stata, R, or Python. The international stock dataset will be provided to you. Criteria to select the anomalies for replication are data availability and ease of replication. Third, you will have the opportunity to conduct your own asset pricing study for this IPD. Specifically, you are asked to test the post-publication performance of these newly discovered anomalies for the US stock market and a sample of international stock markets such as Germany. Upon completion of this project you will have acquired substantial knowledge about capital market databases, empirical data analysis, and the functioning of financial markets in general. Among others, these skills are of high practical relevance for jobs in Banking, Asset Management, and Fintech.

What we are looking for

- Strong analytical and project management skills
- Determination and passion for your areas of expertise
- IT skills required for the IDP
- Interest to learn something about finance, in particular asset pricing, asset management, fixed income.
- 1 or 2 persons
What we offer

- Knowledge in quantitative finance, corporate finance and corporate governance
- Kick-off session including introduction to relevant finance and/or business topics
- Experience with IDPs
- Open dialogue and support
- Access to prime capital markets databases (Bloomberg, Datastream, Thomson Reuters, etc)
- Potential for publication and/or evaluation of future use cases
- Both single and group projects are possible

Interested?
Please send an e-mail with CV, academic transcript and your preference for this project to lisa.knauer@tum.de.

Questions?
In case of any (e.g. topic related) questions, please contact Lisa Knauer (lisa.knauer@tum or call +49 89 289 25485).