

# Research Methodology (F1) Final Exam

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Instruction: If two (or more) choices (e.g., A and B) are given, select preferred usage. If one sentence is given, give **Good** or **Bad**. Assume the sentences are the parts of your thesis. You may find the references in the end.

1. The trading strategy based on was investigated by [Glasserman and He \(2020\)](#).

1. \_\_\_\_\_ **Good.**

2. ([Kou et al., 2018](#)) propose a spatial capital asset pricing model and a spatial arbitrage pricing theory.

2. \_\_\_\_\_ **Bad. [Kou et al. \(2018\)](#)**

3. I have heard the arguments, but am still unconvinced.

3. \_\_\_\_\_ **Good. See §I.4.**

4.       A. Your dedicated whittler requires three props: a knife, a piece of wood, and a back porch.  
      B. Your dedicated whittler requires: a knife, a piece of wood, and a back porch.

4. \_\_\_\_\_ **A. See §I.7**

5. Understanding is that penetrating quality of knowledge that grows from: theory, practice, conviction, assertion, error, and humiliation.

5. \_\_\_\_\_ **Bad. See §I.7**

6. His first thought on getting out of bed—if he had any thought at all—was to get back in again.

6. \_\_\_\_\_ **Good. See §I.8**

7.       A. One of the well-known researchers who have investigated this problem ...  
      B. One of the well-known researchers who has investigated this problem ...

7. \_\_\_\_\_ **A. See §I.9.**

8. [Black \(1976\)](#) as well as [Black and Scholes \(1973\)](#) derive the option price formula.

8. \_\_\_\_\_ **Bad. See §I.9**

9. Economics are the social science that studies the production, distribution, and consumption of goods and services.

9. Bad. is. See §I.9

10. None of existing finance theories explain the phenomena.

10. Bad. See §I.9

11. A. Virgil Soames is the candidate whom we hope to elect.  
B. Virgil Soames is the candidate who we hope to elect.

11. A. See §I.10

12. A. I think Horace admires Jessica more than I.  
B. I think Horace admires Jessica more than I do.

12. B. See §I.10

13. A. I'm probably closer to my mother than my father is.  
B. I'm probably closer to my mother than my father.

13. A. See §IV Than

14. A. Without a friend to counsel him, he found the temptation irresistible.  
B. Without a friend to counsel him, the temptation proved irresistible.

14. A. See §I.11

15. A. Failing health compelled him to leave college.  
B. The reason he left college was that his health became impaired.

15. A. See §II.14

16. A. My first visit to Boston will always be remembered.  
B. I shall always remember my first visit to Boston.

16. B. See §II.14

17. A. Plath may be ranked among those modern poets who died young.  
B. Plath was one of those modern poets who died young.

17. B. See §II.15

18. A. Though there is no empirical evidence to support the hypothesis, ...  
B. In spite of the fact that there is no empirical evidence to support the hypothesis, ...

18. A. See §II.17

19. A. Owing to the fact that volatility is stochastic, ...

B. Because volatility is stochastic, ...

19. B. See §II.17

20. A. He wrote three articles about trading strategies, which were published in Risk Magazine.  
B. He published three articles in Risk Magazine about trading strategies.

20. B. See §II.20

21. A. Keynes, in *The General Theory of Employment, Interest and Money*, argues that ...  
B. In *The General Theory of Employment, Interest and Money*, Keynes argues that ...

21. B. See §II.20

22. A. Humanity has hardly advanced in fortitude since that time, though it has advanced in many other ways.  
B. Since that time, humanity has advanced in many ways, but it has hardly advanced in fortitude.

22. B. See §II.22

23. [Welch and Goyal \(2008\)](#) provide an alternate explanation to the observation.

23. Bad. See §IV Alternate/Alternative

24. The work of Black and Scholes in finance is compared to that of Einstein in physics.

24. Good. See §IV Compare.

25. A. The data was obtained from CSMAR database.  
B. The data were obtained from CSMAR database.

25. B. See §IV Data

26. The prediction failure was due to unpredictable stock return.

26. Good. See §IV due to.

27. A. To capture the changes in trading volume better, ...  
B. To better capture the changes in trading volume, ...

27. A. See §IV Split infinitive.

28. Of all the financial indices, CBOE's Volatility Index (VIX) is very unique.

28. Bad. See §IV Unique

29. Everyone in the community, whether they are a member of the Association or not, is invited to attend.

29. Bad. See §IV They. He or She.

30.       A. The job was unattractive in terms of salary.  
           B. The salary made the job unattractive.
30.       **B. See §IV In terms of.**
31. Irregardless of the sample periods, the robustness test confirms that ...
31.       **Bad. See §IV Irregardless**
32. This regression uses fewer variables than the previous one.
32.       **Good. See §IV Less**
33. The stock prices deviate farther from a long-run efficient level.
33.       **Bad. See §IV Farther/Further**
34. (Select a wrong expression.)
- A. She cannot eat nor can she sleep.  
 B. She cannot eat or sleep.  
 C. She cannot eat nor sleep.  
 D. She can neither eat nor sleep.
34.       **C. See §IV Nor**
35.       A. The office and salesrooms are on the ground floor; the rest of the building is used for manufacturing.  
           B. The office and salesrooms are on the ground floor, while the rest of the building is used for manufacturing.
35.       **A. See §IV While**

## References

- Black, F. (1976). The pricing of commodity contracts. *Journal of Financial Economics*, 3(1):167–179.
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- Glasserman, P. and He, P. (2020). Buy rough, sell smooth. *Quantitative Finance*, 20(3):363–378. <https://doi.org/10.1080/14697688.2019.1675899>.
- Kou, S., Peng, X., and Zhong, H. (2018). Asset Pricing with Spatial Interaction. *Management Science*, 64(5):2083–2101. <https://pubsonline.informs.org/doi/10.1287/mnsc.2016.2627>.
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