

Asset pricing factors

Share issuance factor – Pontiff and Woodgate (JF, 2008)

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- Pontiff and Woodgate (2008) use net issuance of stocks in Fama-MacBeth (1973) method to explain stocks cross-sectional returns.
- They measure net issuance in past one year based on literature and ease of use, and past five years, based on Daniel and Titman (2006) tangible and intangible story. They find that both are significant for cross-section. They do not theoretically position their findings, though.
- The idea is that insiders/managers seeing that the firm is overvalued, given intangible information (that is, non-financials), issue shares. This is just slowly assessed by other investors. Hence, issuance is negatively related to future returns.

Share issuance characteristic measure

- Data: they use monthly data of net issuance of CRSP divided in two periods 1932 to 1970, and 1970 to 2007.
- They adjust *Outstanding Shares* by *Factor to Adjust Shares Outstanding* accumulated; take the log difference of this quantities from lagged 6 months 12 months period, and lagged 6 months 60 months period, for example at time 0:

$$ISSUE_{-17,-6} = Ln(AdjustedShares_{-6}) - Ln(AdjustedShares_{-17})$$

$$ISSUE_{-65,-6} = \dots$$

- They winsorize all right-hand-side variables at 1% in both sides.

CRSP dataset

crsp_m - DataFrame

Index	permno	permco	date	shrcd	exchcd	ret	retx	shrout	prc	jdate
0	10000	7952	1986-01-31 00:00:00	10	3	nan	nan	3680	-4.375	1986-01-31 00:00:00
1	10000	7952	1986-02-28 00:00:00	10	3	-0.257143	-0.257143	3680	-3.25	1986-02-28 00:00:00
2	10000	7952	1986-03-31 00:00:00	10	3	0.365385	0.365385	3680	-4.4375	1986-03-31 00:00:00
3	10000	7952	1986-04-30 00:00:00	10	3	-0.0985916	-0.0985916	3793	-4	1986-04-30 00:00:00
4	10000	7952	1986-05-30 00:00:00	10	3	-0.222656	-0.222656	3793	-3.10938	1986-05-31 00:00:00
5	10000	7952	1986-06-30 00:00:00	10	3	-0.00502513	-0.00502513	3793	-3.09375	1986-06-30 00:00:00
6	10000	7952	1986-07-31 00:00:00	10	3	-0.0808081	-0.0808081	3793	-2.84375	1986-07-31 00:00:00
7	10000	7952	1986-08-29 00:00:00	10	3	-0.615385	-0.615385	3793	-1.09375	1986-08-31 00:00:00
8	10000	7952	1986-09-30 00:00:00	10	3	-0.0571429	-0.0571429	3793	-1.03125	1986-09-30 00:00:00
9	10000	7952	1986-10-31 00:00:00	10	3	-0.242424	-0.242424	3843	-0.78125	1986-10-31 00:00:00
10	10000	7952	1986-11-28 00:00:00	10	3	0.06	0.06	3843	-0.828125	1986-11-30 00:00:00
11	10000	7952	1986-12-31 00:00:00	10	3	-0.377358	-0.377358	3843	-0.515625	1986-12-31 00:00:00
12	10000	7952	1987-01-30 00:00:00	10	3	-0.212121	-0.212121	3893	-0.40625	1987-01-31 00:00:00
13	10000	7952	1987-02-27 00:00:00	10	3	0	0	3893	-0.40625	1987-02-28 00:00:00
14	10000	7952	1987-03-31 00:00:00	10	3	-0.384615	-0.384615	3893	-0.25	1987-03-31 00:00:00
15	10000	7952	1987-04-30 00:00:00	10	3	-0.0625	-0.0625	3893	-0.234375	1987-04-30 00:00:00

- PERMNO is a unique permanent security identification number assigned by CRSP to each security.
- EXCHCD is a code indicating the exchange on which a security is listed.
- SHRCD is a two-digit code describing the type of shares traded. The first digit describes the type of security traded.
- RETX is the return adjusted for dividends.
- SHROUT is the shares outstanding.
- PRC is the closing price. If it is not available for any given period, the number in the price field is replaced with a bid/ask average. Bid/ask averages have dashes placed in front of them. These do not wrongly reflect negative prices, but serve simply to distinguish bid/ask averages from actual closing prices.

Compustat dataset

comp - DataFrame

Index	gvkey	datadate	at	pstkl	txditc	pstkrv	seq	pstk
0	001000	1961-12-31	nan	0	0	nan	nan	nan
1	001000	1962-12-31	nan	0	nan	nan	nan	0
2	001000	1963-12-31	nan	0	0.008	0	0.553	0
3	001000	1964-12-31	1.416	0	0.02	0	0.607	0
4	001000	1965-12-31	2.31	0	0	0	0.491	0
5	001000	1966-12-31	2.43	0	0	0	0.834	0
6	001000	1967-12-31	2.456	0	0	0	0.744	0
7	001000	1968-12-31	5.922	0	0	0	2.571	0
8	001000	1969-12-31	28.712	0	0	0	10.211	0
9	001000	1970-12-31	33.45	0	0	0	10.544	0
10	001000	1971-12-31	29.33	0	0	0	8.382	0
11	001000	1972-12-31	19.907	0	0.288	0	7.021	0
12	001002	1960-12-31	nan	0	nan	nan	nan	nan
13	001000	1973-12-31	21.771	0	0.231	0	8.567	0
14	001000	1974-12-31	25.638	0.414	0.091	2.069	10.257	0.414
15	001000	1975-12-31	23.905	2.069	0.78	2.069	12.309	2.069

- GVKEY is a unique six-digit number key assigned to each company (issue, currency, index) in the Capital IQ Compustat database. It is a company (issue, currency, index) identifier similar to a TICKER symbol.
- PSTK = Preferred/Preference Stock
- PSTKL = Preferred Stock/Liquidating Value
- TXDITC = Deferred Taxes and Investment Tax Credit
- SEQ = Stockholders' Equity – Total
- AT = Total assets

CCM dataset

ccm - DataFrame

Index	gvkey	permno	linktype	linkprim	linkdt	linkenddt
0	001000	25881	LU	P	1970-11-13	1978-06-30
1	001001	10015	LU	P	1983-09-20	1986-07-31
2	001002	10023	LC	C	1972-12-14	1973-06-05
3	001003	10031	LU	C	1983-12-07	1989-08-16
4	001004	54594	LU	P	1972-04-24	None
5	001005	61903	LU	C	1973-01-31	1983-01-31
6	001007	10058	LU	C	1973-10-01	1979-01-30
7	001007	10058	LU	P	1979-01-31	1984-09-28
8	001008	10066	LC	P	1983-08-25	1987-10-30
9	001009	10074	LC	C	1982-01-18	1996-03-13
10	001010	10006	LU	C	1950-05-01	1962-01-30
11	001010	10006	LU	P	1962-01-31	1984-06-28
12	001011	10082	LC	P	1983-03-21	1995-09-28
13	001012	10103	LU	P	1978-01-31	1989-12-29
14	001013	50906	LU	P	1979-03-16	2010-12-31
15	001015	66405	LU	P	1982-01-29	1986-10-31

- LINKDT is a calendar date marking the first effective date of the current link.
- LINKENDDT is the last effective date of the link record.

Share issuance – All columns available in CRSP

share_issuance - DataFrame

Index	index	permno	date	vol	shrout	cfacshr
0	0	10001	1996-01-31 00:00:00	168	2281	1.5
1	1	10001	1996-02-29 00:00:00	524	2281	1.5
2	2	10001	1996-03-29 00:00:00	283	2309	1.5
3	3	10001	1996-04-30 00:00:00	327	2309	1.5
4	4	10001	1996-05-31 00:00:00	103	2309	1.5
5	5	10001	1996-06-28 00:00:00	338	2321	1.5
6	6	10001	1996-07-31 00:00:00	207	2321	1.5
7	7	10001	1996-08-30 00:00:00	507	2321	1.5
8	8	10001	1996-09-30 00:00:00	205	2346	1.5
9	9	10001	1996-10-31 00:00:00	203	2346	1.5
10	10	10001	1996-11-29 00:00:00	374	2346	1.5
11	11	10001	1996-12-31 00:00:00	380	2357	1.5
12	12	10001	1997-01-31 00:00:00	257	2357	1.5
13	13	10001	1997-02-28 00:00:00	988	2357	1.5
14	14	10001	1997-03-31 00:00:00	308	2357	1.5
15	15	10001	1997-04-30 00:00:00	351	2357	1.5

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