Homework

Xuanheng HUANG

Table 1

Table 1: Lead-Lag Portfolio Sorting (Max Correlation)

	Lead	Mid	Lag	LL	LLStrong
Average return	9.435***	6.033**	5.236*	4.199**	5.240***
	(2.278)	(2.778)	(3.052)	(1.795)	(1.966)
CAPM α	3.171***	−0.632	−1.789	4.959***	6.119***
	(1.055)	(0.476)	(1.306)	(1.903)	(1.955)
FF3 α	3.021***	−0.710	−1.655	4.676**	6.233**
	(1.154)	(0.545)	(1.427)	(2.082)	(2.485)

Notes: ***Significant at the 1 percent level.
**Significant at the 5 percent level.
*Significant at the 10 percent level.

Table 3

Table 2: Lead-Lag Portfolio Sorting - 38 and 49 Industries

	Lead	Mid	Lag	LL
Average return	3.158**	6.545**	4.309**	5.056*
	(1.562)	(2.916)	(2.127)	(2.581)
CAPM α	3.841**	6.940**	5.097**	5.989**
	(1.634)	(2.961)	(2.247)	(2.718)
FF3 α	3.547*	5.407*	4.606**	5.689**
	(1.992)	(3.175)	(2.281)	(2.640)

Notes: ***Significant at the 1 percent level.
**Significant at the 5 percent level.
*Significant at the 10 percent level.

Table 7

Table 3: The Disconnect between LL and Other Factors (II)

	FF5	HXZ q-factors	Carhart MOM 1	Carhart MOM 2	Carhart MOM 3
α_{LL}	4.004**	3.956*	4.197**	5.170***	4.978**
	(2.225)	(2.415)	(2.080)	(2.072)	(2.352)

Notes: ***Significant at the 1 percent level.
**Significant at the 5 percent level.
*Significant at the 10 percent level.

Table 9

Table 4: Price of Risk

	30 industries	38 industries	49 industries	BE/ME and Size (25)
λ_{MKT}	0.550**	0.542**	0.566**	0.416
	(0.255)	(0.249)	(0.259)	(0.254)
λ_{SMB}	−0.217	−0.178	−0.225	0.158
	(0.246)	(0.200)	(0.204)	(0.157)
λ_{HML}	−0.013	0.064	−0.057	0.442***
	(0.192)	(0.199)	(0.194)	(0.151)
λ_{LL}	0.455**	0.367	0.501**	0.366**
	(0.187)	(0.224)	(0.220)	(0.159)

Notes: ***Significant at the 1 percent level.
**Significant at the 5 percent level.
*Significant at the 10 percent level.

Table 5: Pricing Kernel Loading

	30 industries	38 industries	49 industries	BE/ME and Size (25)
b_{MKT}	0.040***	0.040***	0.041***	0.035***
	(0.014)	(0.013)	(0.014)	(0.013)
b_{SMB}	−0.036	−0.029	−0.038*	0.017
	(0.027)	(0.021)	(0.022)	(0.015)
b_{HML}	0.005	0.016	−0.000	0.066***
	(0.024)	(0.024)	(0.024)	(0.018)
b_{LL}	0.050***	0.042**	0.055***	0.037**
	(0.018)	(0.021)	(0.021)	(0.015)

Notes: ***Significant at the 1 percent level.
**Significant at the 5 percent level.
*Significant at the 10 percent level.