Summary of *Cross-stock Momentum and Factor Momentum*

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1. **What are the research questions?**

   - Does cross-stock momentum capture the lead-lag linkage?

   - Can factor momentum explain cross-stock momentum?

2. **Why are the research questions interesting?**

   - The past return of one stock can predict the stock returns of other connected firms, which is named momentum.

   - Previous studies of cross-stock momentum did not reveal the lead-lag linkages across stocks.

3. **What is the paper's contribution?**

   - the literature on factor momentum

     - Existing literature: The factor momentum subsumes the industry momentum, the profits of factor momentum mostly come from high cross-stock links.

     - extension: distinguish cross-stock momentum from factor momentum by analyzing asymmetric component,

   - the literature on asset pricing using machine learning

     - Existing literature: propose the principal portfolio method.

     - Extension: decompose the asymmetric component into high and low cross-stock links.

4. **What hypotheses are tested in the paper?**

   - The cross-stock momentum consists of asymmetric and asymmetric parts.

   - Controlling for factor momentum, the cross-stock return is still effective.

   - factor momentum do not subsume industry momentum.

   a) **Do these hypotheses follow from and answer the research questions?**

   - Yes, they are examining the cross-stock momentum and factor momentum.

   b) **Do these hypotheses follow from theory? Explain the logic of the hypotheses.**

   - Yes. They are developed based on the characteristics of cross-stock momentum and factor momentum.

5. **Sample: comment on the appropriateness of the sample selection procedures.**

  - Extensive data sources enhance the credibility of the findings of the article.

6. **Dependent and independent variables: comment on the appropriateness of variable definition and measurement.**

  - Former return data is used to predict future return.

7. **Regression/prediction model specification: comment on the appropriateness of the regress/predict model specification.**

  - Develop the PP method ingeniously.

8. **What difficulties arise in drawing inferences from the empirical work?**

  - The analysis based on historical data.

9. **Describe at least one publishable and feasible extension of this research.**

  - There has not been research on cross-stock momentum in Chinese stock market, only several literature studied factor momentum.