FIN810: Week 6

Small talks.

Finance topics: Asset pricing model: slides& textbook chapter

1. CAPM
2. Fama French 3-factor model and 5-factor model
3. Data Sources for Asset pricing models
   1. T-bill rate as a risk free asset rrf: <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>
   2. Fama French three factors and five factors

<https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html>

Sas convert the date:

DATE1 = INPUT(PUT(DATE,8.),YYMMDD8.);

FORMAT DATE1 YYMMDD8.;

RUN;

* 1. CRSP

1. ~~Using CRSP data, find the beta for all companies, for the industry, etc.~~
2. Event study, Slides Chapter 11 P52-55 (Week 7)

SAS topics:

* Proc sql (SMCMBA: SAS support sql.pdf)
* Proc reg
* ~~Library:~~ 
  + ~~USER= library-specification~~
  + ~~options user='/home/xz400/my\_content';~~

Zoom office hours: 6:30-7:30PM Monday May 20, 2019.

Class on May 25, parking at the front parking lot.

Group HW, due Friday 2PM, May 24.

* + Choose the time window 1/1/2018-12/31/2018 and daily frequency. Download the stock prices. Use the Fama French five factors and the Fama French Five Factor Model.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Return | Std of return | Intercept  (p-value) mean | Beta  (p-value) | SMB  (p-value) | HML  (p-value) | RMW  (p-value) | CMA  (p-value) | Adj R-Sq |
| Stock 1 |  |  |  |  |  |  |  |  |  |
| Stock 2 |  |  |  |  |  |  |  |  |  |
| … |  |  |  |  |  |  |  |  |  |

Which stock in your portfolio has the largest stand-along risk?

Which stock in your portfolio has the largest risk exposure to the market portfolio?

Which stocks in your portfolio have higher expected returns if small-cap stocks outperform large-cap stocks, if other things are constant?

Which stocks in your portfolio have higher expected returns if has higher expected returns if high book-to-market (i.e., value) stocks outperform low book-to-market (i.e., growth) stocks, if other things are constant?