Financial Anomalies

Krishna Neupane

2024-08-24

Table of contents

Preface 3

1 Introduction 4

2 Summary 5

References 6

Preface

The article is desiged to study financial anomalies

1 Introduction

Fama and MacBeth (1973) : Two-parameter risk-return regression equation is based in

$$x_{im} \equiv \frac{\text{total market value of all units of assets } i}{\text{total market value of all assets}} \tag{1.1}$$

$$\text{where asset}(i)\text{in the portfolio}(m) \tag{1.2}$$

Equation 1 refers to the market equilibrium (market portflio) is always efficient (Black (1972)).

Excepted Return is given by Equation 1

$$E(\tilde{R_i}) = \left[E(\tilde{R_m}) - S_m\sigma(\tilde{R_m})\right] + S_m\sigma(\tilde{R_m})\beta_i, \tag{1.3}$$

$$\text{where} \tag{1.4}$$

$$\beta_i \equiv \frac{cov(\tilde{R_i}, \tilde{R_m})}{\sigma^2(\tilde{R_m})} \tag{1.5}$$

2 Summary

In summary, this book has no content whatsoever.

References

Black, Fischer. 1972. "Capital Market Equilibrium with Restricted Borrowing." *The Journal of Business* 45 (3): 444–55.

Fama, Eugene F, and James D MacBeth. 1973. "Risk, Return, and Equilibrium: Empirical Tests." *Journal of Political Economy* 81 (3): 607–36.