Event Study analysis of selected (anticipated) events

1 Aim

The aim of the project is to investigate an impact of anticipated (scheduled) announcements on the returns of selected assets/indices.

2 Instructions

Use the attached Excel spreadsheet to identify the relevant events you need to collect from Bloomberg and the corresponding ticker that identify assets/indices for which you have to analyze the return impact. You should employ various event study techniques (normal performance models, BHAR returns, alpha estimation) over various event windows. The main task is to investigate the short horizon effect, but you are free to explore longer horizon effects as well (do keep in mind, however, that over long horizons, event study approach is different and plagued with various issues). Finally, you should try to asses the determinants of the size of the effect. The easiest approach is to see whether the effect differes accross various categories of assets (in terms of size, etc.) and/or over time.

2.1 The data

The data on should be readily available on the Bloomberg terminal (you have been provided with the relevant tickers). Try to collect as much as data as possible. The frequency of the data will vary. Most of the events are scheduled announcements, typically monthly. For the returns data, you should use daily frequency. If you run into issues regarding the data, do not hesitate to contact us to discuss it.

2.2 The task

In the analysis you should do the following:

1. Look into the events and collect relevant event dates.
2. Collect the prices/values of your assets/indices on a daily basis for a long time period (say, 10 years).

3. Conduct the event study (short horizon) to estimate the (cumulative) abnormal returns over various event windows (-1,1), (-2,2), (0,1,), (-5,5), etc.

4. Perform robustness tests of your results (using alternative approaches to event study - BHAR, alpha, for example).

5. Try to analyze/identify determinants of abnormal returns.

3 Milestones and other practicalities

Milestones:

- November 23: Groups are formed
- December 10: You will have to be done with the data collection and the initial analysis of statistical properties and the basic normal performance models - brief presentation of the results and/or potential questions (during the regularly scheduled classes on Monday)
- January 7: You will have to be done with the event study - brief presentation of the results and/or potential questions
- January 21: The deadline for the final report. You will need to submit the final written report.

You can contact us by email (Igor Lončarski, Gorazd Belavič, Andrej Petek) or come by the office during the office hours. Make sure to stick to the deadlines and show up on Monday sessions (milestones). Keep in mind that the project accounts for 50% of the grade so do take it seriously.