**Study on Government Impact on Financial market**

Underlying Mechanism

1. Noise and over-reaction

2. Sluggish to information

Test:

1. Relationship with Macro variables

2. Different portfolios with certain characteristics (different factor portfolios)

Large index 50

Robustness

1. Correction for bias (stationarity)

2. Standard Error Correction (Using robust sd and GMM method)

2. Overlapping regression

3. Excess Return (over risk-free rate)

4. Standardize to have mean zero and unit-variance

Out-of-sample

1. Out-of-sample forecasting test

2. Multiple Assets (out-of-sample)

Write-up

Overlapping regression

<https://quant.stackexchange.com/questions/35216/how-can-you-determine-the-correct-significance-of-the-shiller-p-e-regression>

If monthly is significant, it should have some sign in daily version, if we use overlapping daily regression