PhD Module on Anomalies in the Cross Section of Stock Returns

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Class Meeting Day & Time
   June 11, 9:00-12:00
   June 13, 9:00-12:00
   June 14, 9:00-12:00

Course Description & Goals

This is a Ph.D.-level course in empirical asset pricing. The course will focus on understanding anomalies in the cross-section of stock returns. The course will familiarize students with classic and contemporary papers in the empirical asset pricing literature. The specific focus of the course will be on anomalies. I will provide you with a comprehensive reading list that covers the most relevant papers for each of the topics discussed. I do not expect you to read or know all of the papers in the reading list, but hopefully it would be a good reference for you.

The course will make heavy use of my "Assaying Anomalies" project and its associated github repository with MATLAB code. Once set up, which I'll demo and we'll troubleshoot in the first class, you should be in a position to replicate basic asset pricing results using CRSP/COMPUSTAT in minutes.

Tentative Course Outline

Class 1: June 11
        Introduction; Logistics; MATLAB Package Demo; Cross-section of stock returns: CAPM to FF3

Class 2: June 13
        Behavioral finance: technical anomalies (anomalies based on past performance) & limited attention anomalies; Investment & Profitability; Factor wars

Class 3: June 14
        Transaction Costs; Skeptical evaluations and making sense of the anomaly zoo; Machine learning