Matthew Lutey, Ph.D.

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Education

University of New Orleans
Ph.D., Financial Econometrics, 2019
Fields: International Finance, Asset Pricing, Corporate Finance, Financial Markets

University of New Orleans
M.S. Financial Economics, 2017.
Qualifying: Microeconomics, Macroeconomics, Corporate Finance, Investments

Northern Michigan University
M.B.A., 2013

Northern Michigan University
B.S., 2011.

Publications

Refereed Journals

Arshanapalli Bala, Lutey Matt, Nelson Bill, Pollack Micah
"Financial Bubbles the Profitability of Technical Trading Rules"
Journal of Portfolio Management (JPM, Forthcoming March 2021)

Thomas James, Lutey Matt.
"Making Groups Better."
International Journal for Innovation Education and Research 7,10(2019): 816-826

Lutey, Matt, Mohammad Kabir Hassan, and Dave Rayome.
"An Application of Can Slim Investing in the Dow Jones Benchmark."
Asian Journal of Economic Modelling 6.3 (2018): 274-286.

Lutey, Matthew, Michael Crum, and David Rayome.
"OPBM II: An Interpretation of the CAN SLIM Investment Strategy."
Journal of Accounting and Finance 14.5 (2014): 114.

Lutey, Matt, Michael Crum, and David Rayome.
"Outperforming the Broad Market: An Application of Can Slim Strategy."
ASBBS e-Journal 9.1 (2013): 90.

Working Papers

In Progress

Jahibri Fatima , Lutey Matthew, Maroney Neal
"The Best Clientele Alpha Reexamined"
We examine the benchmarking problem in the client-specific measure of mutual fund performance. The client-specific measures account for the heterogeneity of agents to reconcile investor preference for actively managed funds with documented negative average alphas. A set of alphas arise with agent disagreement and the "best clientele" believes that mutual fund adds value from their perspective. Performance evaluation suffers from benchmarking problems. Studies using clientele measures are driven by the choice of their benchmark assets. Their passive portfolio benchmarks are based on broad asset classes such as industry or style portfolios that are unlikely to be the actual assets in a mutual fund's portfolio. We form benchmarks based on the actual assets held in a particular mutual fund to minimize potential problems and reexamine evidence for the clientele effects.

Lutey Matt, Maroney Neal
"Reliability of Technical Stock Price Patterns and Conditional Returns"
Academic research has shown throughout the years the ability of technical indicators to convey predictive value, informational content, and practical use. The popularity of such studies goes in and out over the years and today is being recognized widely by behavioral economists. Automated technical analysis is said to detect geometric and nonlinear shapes in prices which ordinary time series methods would be unable to detect. Previous papers use smoothing estimators to detect such patterns. Our paper uses local polynomial regressions, and digital image processing. Our results show that they are nonrandom, convey informational value, and have some predictive ability. We validate our results with prior works using stocks from the Dow Jones Industrial Average for a sample period from 1925-2019 using daily price observations.

Arshanapalli Bala, Lutey Matt, Nelson Bill
"Do Alternate Technical Trading Rules Product Profitable Investment Opportunities?"
We test whether volatility sorted decile portfolios can be timed using alternate technical indicators expanding the work of Han et al. (2013). We test Relative Strength Index (RSI), Bollinger Bands (BB), Williams Percent R (Percent R), and Stochastic Indicator (Percent K). We test these on stocks sorted by the previous years annual volatility using CRSP data from January 1, 1963 through December 31. 2019. We find that stocks sorted by volatility can be timed using these indicators. We find that the results hold when explaining the returns using the Fama and French 1993 3-factor portfolios. We also do an additional sort by size and show that the returns still hold in the presence of the Fama and French 1993 3-factors. We show annualized statistics including returns, standard deviations, sharpe ratios and an accuracy factor. All of the indicators have accuracy in the mid to high 50 percentile.

Working Papers

In Progress

Lutey Matt, Maroney Neal

"Reliability of Technical Stock Price Pattern Predictability"

This paper uses digital image processing which is becoming increasingly popular in the fields of mathematics and medicine for detecting nonrandom objects from noise. Our paper applies this process to detecting nonlinear technical chart patterns. We categorize each chart pattern by five-pixel values (V1, V2, V3, V4, V5) which represent consecutive extrema. Our results show that they are nonrandom, convey informational value, and have predictive ability. This is validated via Kolmogorv Smirnov tests for equality of distributions. We also simulate geometric Brownian motion and confer the number of patterns found on random stock prices are half as many as real prices. The conditional one day returns are also significant in deciding whether or not an investor should take a long position or short position following bottom and top patterns respectively.

Lutey Matt, Maroney Neal

"Predictability of Technical Stock Price Pattern Classification"

We use digital image processing and machine learning to predict the nonlinear technical chart patterns that consist of five consecutive pixel values. We test a variety of machine learning algorithms including Support Vector Machines, Logistic Regressions, Naïve Bais, Neural Networks, Random Forest, and Gradient Boosted Trees. We choose the best algorithm based on validating the training data on a 50/50 data split. We show that the patterns can be predicted without explicitly defining the pattern rules which are based on the distance of relative pixel values. This is supervised learning. We then remove the fifth pixel value and achieve a high degree of accuracy in predicting the completed pattern on examples not seen by the classifier. The top and bottom patterns include Head and Shoulders, Broadening Top, Triangle Top and Rectangle Top. We then classify all of the top patterns as a top and bottom patterns as a bottom and achieve 99 percent accuracy on examples not seen by the classifier when predicting patterns from the 4th extrema. This is a contribution to the field of finance by introducing digital image processing and machine learning to automate technical analysis. The benefits include predicting patterns from digital images when raw data is not available and a speed accuracy of correctly classifying 287,058 patterns in 11 seconds with 99 percent accuracy. This is faster than the previously known methods which include kernel smoothing and take up to one minute per stock.

Working Papers

In Progress

Lutey Matt, Rayome David
"Out of Sample Testing For O'Neil's Fundamental Selection Strategy"
We take a strategy that ranks stocks based on how they meet fundamental criteria base don the book How to Make Money in Stocks by Bill O'Neil 1988. We model it on a single benchmark from 1999 through 2017 with no stop loss. We find the results out perform the market and are robust on both the Nasdaq 100 and SP 1500 index. The results may have implications for student funds and individual money managers

Lutey Matt, Rayome David
"Survival Analysis of the Ichimoku Cloud"
This paper uses a genetic algorithm of 20 input variables of technical indicators from literature and the Ichimoku Cloud based on risk premium research from the Federal Reserve Bank of St. Louis. We combine several of the indicators using a basic learning algorithm to obtain a common in or out signal for stocks. We find the results out perform the SP 500 over several timeframes over the time period of 1980 through 2016. We have a positive test statistic on the indicators which shows they are in fact driving the returns.

Lutey Matt, Rayome David
"A Primer on the Ichimoku Cloud"
We show that technical indicators engineered from the midpoint of high and low values over the short and medium time frame have the predictive ability in the monthly cross-section of U.S. stocks. We use predictive regressions over 1967-2019 and t-statistics to test the null hypothesis that the indicators are not predictive. We find evidence that the Ichimoku cloud is highly predictive for short signals when the distance between the leading and lagging lines are below their median values in the previous day across all stocks. These excess returns hold for Fama and French 3 and 5 factors. These tests hold for additional sorts of the Ichimoku Cloud values in the lowest decile and quintile. Furthermore we analyze the last three years of daily market data for both long and short signals of additional Cloud based signals at the top (bottom) decile, top (bottom) quintile, and above(below) the median. The highest return is awarded in the bottom decile, bottom quintile, and below the median. Similarly, there are positive returns in the top decile, top quintile, and above the median. When considering the average return on the market portfolio to be around 12 percent per annum, all of the portfolios beat the market and are replicable in real time. None of the results are forward looking. The bottom line suggests this indicator can be a useful and practical tool for moving average and momentum based studies.

Working Papers

In Progress

Lutey Matt, Rayome David

"Predictability of Yield Curve Inversion and Moving Average Crossover"

We take the yield curve inversion and add it to a moving average crossover strategy. This combines past prices and technical timing with macro fundamentals to see whether we can forecast historic recession periods from 1967-2019. The main technical signal is the 21 day Moving Average (MA 21) below the 200 day moving average (MA 200) following yield curve inversion periods. The inversion periods are 1 month 60 month (1,60) 12 month 60 month (12,60) 24 month 60 month (24,60) and 1month 120 month (1,120) 12 month 120 month (12,120) and 24 month 120 month (24,120). Data is obtained from the Center for Research in Security Prices (CRSP). We find that applying the moving average timing (MA TIMING) strategy following yield curve (YC) inversion has promising results for exiting the market before recession periods. We miss several of the last major recessions including the 2008-2009 recession, thus generating positive excess returns. We validate our results using CAPM, Fama and French 3 and 5 Factors, and Kolmgorov Simonoff tests

Lutey Matt, Rayome David

"Portfolio Management of High Growth Firms and Technical Buy Points"

This paper shows that current earnings and prices at or near new highs can be combined with the Average Directional Index (DM) technical indicator to generate excess return in the market. The rules are that the DMI (8,3) and (14,2) hold to account for short and intermediate term trends. The ranking system then is 85 percent weight to earnings grow versus the same quarter one year prior within the universe, and small 5 percent weight in each of three criteria, institutional ownership in the industry, three year earnings growth, and three year industry earnings growth. Thus stocks that pass the technical filter are ranked and formed in a portfolio. Using the same portfolio system as previous papers and a 7 percent stop loss. Portfolios are constructed from 1999-2017 using Standard and Poor's Compustat Snapshot Point in Time data. Excess returns are statistically significant via difference in means tests (robust to recession only periods, and additional timeframes) and CAPM, Fama and French 3 and 5 factor models. The model is robust to alternate weight specification and has consistent results across multiple start dates (1999-2017, 2005-2017, 2010-2017, and 2014-2017) with a similar end date over the sample period. The system is replicable and has a win rate of 63 percent turning 100,000 into 33,000,000. It accounts for both slippage and transaction costs on a survivor bias free database.

Working Papers

In Progress

Lutey Matt, Rayome David

"Forward Out of Sample Testing of O'Neil's Stock Selection Strategy"

This paper shows a live paper traded interpretation of the CAN SLIM system based on the stock selection strategy in O'Neil 1988. The strategy outperforms the market by 20 percent (SP 500), 9 percent (Nasdaq) and 17 percent (Dow Jones) for the holding period July 2014- February 2017. We stopped tracking the portfolios in 2017. Current results would show 4/5 stocks posting greater than 100 percent gains. The purpose of the study is to live test the system for possible adaptation with real money. The portfolio held positions that first passed a fundamental stock screen using the methodology outlined in O'Neil (1988) and were then selected by proximity to technical buy points. We analyze the equity curves, methodology for stock screeners using free and readily implementable tools in the paper. The CAN SLIM system is advertised that investors may outperform a broad stock market index without relying heavily on their own analytic ability and while holding only five stocks at a time. The purpose is to let the winners win and cut the losers fast. The results have favorable implications for individuals who want to manage their own portfolios including student managed investment funds.

Submitted

Under Review

"Lutey Matt, Rayome David"

"Portfolio Management of High Growth Firms and Technical Buy Points"

Journal of Applied Business and Economics

Conferences

Presentations

Predictability of Yield Cruve Inversion and Moving Average Crossover
Academy of Finance (MBAA International), Chicago, IL (Mar. 2020)

A Primer on the Ichimoku Cloud
Academy of Business and Economics (MBAA International), Chicago, IL (Mar. 2020)

Portfolio Management of High Growth Firms and Technical Buy Points
Academy of Business Research (ABR), New Orleans, LA (Mar. 2020)

Portfolio Management of High Growth Firms and Technical Buy Points
Academy of Business Research (ABR), New Orleans, LA (Mar. 2020)

Portfolio Management of High Growth Firms and Technical Buy Points
ASBBS, Las Vegas, NV (Feb. 2020)

A Live Interpretation of O'Neils Investing Strategy
ASBBS, Las Vegas, NV (Feb. 2020)

An Application of Can Slim Investing in the Dow Jones Benchmark
Presenter - World Business Institute (WBI),
New York, NY, 2017

An Application of Can Slim Investing in the Dow Jones Benchmark
Presenter - Southwestern Finance Association (SWFA),
Oklahoma City, OK, 2016

An Application of Can Slim Investing in the Dow Jones Benchmark
Presenter - Academy of Economics and Finance (AEF),
Pensacola, FL, 2016

OPBM II: An Interpretation of the CAN SLIM Investing Strategy.
Presenter - MBAA International,
Chicago, IL, 2014

Outperforming the Broad Market: An Application of Can Slim Strategy
Presenter - ASBBS,
Las Vegas, NV, 2013

Conferences

Service
Chair
N/A

Discussant
Discussant Southern Finance Association,
Asheville, NC, 2018

Discussant World Business Institute
New York, NY, 2017

Discussant Southwestern Finance Association,
Oklahoma City, OK, 2016

Discussant MBAA International,
Chicago, IL, 2014

Discussant ASBBS
Las Vegas, NV, 2013

Reviewer
Committee Member Eastern Finance Association,
Miami, FL, 2019

Service

Indiana University NW
University Committees
Admissions Committee
Retention Committee

School of Business and Economics Committees
FACT
SSL

Professional Service
Reviewer, Textbook
IGI Global, National, Reviewer, Textbook
"The Economics of Health: An Overview of the American Healthcare System"

IGI Global, National Reviewer, Textbook
"Shifting Toward Consumer-Centricity: Insights and Lessons from Emerging Transformations"

Academic

Assistant Professor of Finance
School of Business and Economics, Indiana University NW

2019 Fall

Financial Management (F301)
Corporate Finance (B512)

2020 Spring

Financial Management (F301)
International Finance (F494)
Corporate Finance Valuation (F402)

2020 Fall

Corporate Finance (B512)
Corporate Finance (C517)
Corporate Finance (C517, Michigan City)
Investments (F420)

Academic

Graduate Teaching Assistant
Department of Economics and Finance, University of New Orleans

2019 Spring
Microeconomics (ECON 1203)
Macroeconomics (ECON 1204)

2018 Spring
Econometrics II (Ph.D., QMBE 6282)

2017 Fall
Mathematical Economics (Ph.D, QMBE 6280)
Principles of Financial Management (FIN 3300)

2014 Fall
Financial Institutions and Markets (EMBA, FIN 6303)

Finance 3000 Lab (Department Tutor)
Department of Economics and Finance, University of New Orleans

2018 Fall
Principles of Finanical Managment (FIN 3300)
Principles of Investments (FIN 3302)

Graduate Research Assistant
Department of Economics and Finance, University of New Orleans

2015 Summer
Corporate Finance (MBA, FIN 6300)

Graduate Research Assistant
College of Business, Northern Michigan

2013 Fall

Student Managed Investment Fund
College of Business, Northern Michigan University
President 2013
Member 2011, 2012

Graduate Teaching Assistant
Department of Economics, Loyola University New Orleans

2017 Summer
ECON B365 Econometrics II - Time Series

Awards and Honors

Best Prize for Journal Award, Global Review of Accounting and Finance, 2017
Tulane Algorithmic Trading Competition - 1st Place 2016, 2nd Place 2015.
Privateer Graduate Award, University of New Orleans, 2014
Best Paper of a Track - Finance, ASBBS Conference, 2013
Health Occupations Students of America National Leadership Conference, 2007

Seminars and Talks

College of Business, Northern Michigan University
Financial Planning Seminar, December 2013

Technical Analysis Course, April 2013

Industry Experience

Investment Research Associate
Wealth Strategy Group, Marquette, MI, 2012-2013

Internships Finance

Investment Research and Social Media
Wealth Strategy Group, Marquette, MI, 2011-2012

Financial Modeling
Mommaerts and Mahaney, Marquette, MI, 2013

Bloomberg and Bond Trading
Commonwealth Financial Network, Boston, MA, 2013

Volunteer Experience

New Orleans Habitat for Humanity, Restore, 32 hours, 2018
New Orleans Track Club, 4 Hours, 2018

Computer Skills

Wolfram Mathematica, R, Stata, C++, Python, Latex, Matlab, Excel.

Professional Affiliations

Finance Management Association (FMA) 2018
Southern Finance Association (SFA) 2018
Southwestern Finance Association (SWFA)2016,2018
American Economics Association (AEA)2019

Conference Attendance

Finance Management Association (FMA) 2018
AEA/ASSA 2019 forthcoming
Eastern Finance Association (EFA) 2015
R.I.S.E. Conference - Dayton Ohio 2013

Teaching Interests

Financial Management, M.B.A. Corporate Finance, International Finance

Research Interests

Asset Pricing, Technical Analysis, Machine Learning, Investment Strategies

References

Available upon request.