

Report Type

End of Award Report

Full Name

Raghavendra Rau

Nicky Ferguson

Your E-Mail Address

[r.rau@jbs.cam.ac.uk](mailto:r.rau@jbs.cam.ac.uk)

Faculty/Department

Judge Business School

Project Title

What Causes Asset Co-Movement?

Project Abstract

This paper investigates how equity comovement is driven by firm level information events. Using a comprehensive dataset of over 1.47 million firm level information events covering a global sample of firms, we find that an information event about the most prominent firms in a country-industry group results in higher excess comovement between firms in the same group. Our results show that investors appear to use information events about prominent firms to make correlated inferences regarding their future expectations about related firms. We show that this effect is strongest for firms in developed markets, does not hold for non-discretionary announcements such as earnings, and strongest over the recent financial crisis during periods of high correlation and low sensitivity to fundamental news.

Activities and Achievement

The paper aims to investigate why share prices comove and ties that explanation to the release of news events.

Dissemination

Once the first draft of the paper is released, we plan to send it out for comments.

Outputs

Major Difficulties and Any Other Issues

None

Web Links

None

Additional Information

Declaration

This award has not yet produced any relevant outputs, but details of any future publications will be submitted to the CERF database as soon as they become available.