MARKO MOMENTUM

KAPITALMARKTSTUDIEN

Neue Beiträge auf Marko Momentum

24. Jahrestagung Portfoliomanagement [PDF]

Zusammenfassung der erneut hochkarätig besetzten Konferenz. Diesjähriges Leitthema war die institutionelle Kapitalanlage in Zeiten des Wandels.

Veranstaltungshinweise

7. Oktober: Jahrestagung Münchner Finance Forum (online)

Interessante Studien

Dissecting Green Returns

Should green stocks' recent outperformance lead one to expect high green returns going forward? No, we argue. That outperformance likely reflects an unanticipated increase in environmental concerns. [...] In other words, green stocks tend to outperform brown when there is bad news about climate change.

Did I Miss the Value Turn?

For all regions except Australia, percentiles as of June 30, 2021, are in the cheapest relative valuation decile in history. [...] EM value is projected to generate the highest real return, nearly 10% a year, over the next 10 years. [...] The bottom line is that even after value’s recent partial rebound, the strategy in most regional markets is still priced at very attractive valuations. In the US and developed markets, value discounts have only been cheaper at the very height of the tech bubble and during the summer of 2020.

Private Equity and the Leverage Myth

This article arrives at the counterintuitive conclusion that private equity volatility is similar to public equity volatility despite its higher leverage. The likely explanation is that privately held companies are inherently less risky and thus able to bear greater leverage.

Yes, Virginia, there are Superstar Money Managers

We provide reliable evidence that money managers have skill in picking stocks. [...] The sample of 3,472 buy recommendations, on average, earns economically meaningful and statistically significant 4.1% excess returns over 30 trading days. [...] Our second conclusion is that money managers' skill has not diminished over the last five decades.

When Do Investors Freak Out? Machine Learning Predictions of Panic Selling

We find that a disproportionate number of households make panic sales when there are sharp market downturns. [...] We show that panic selling and freakouts are predictable and fundamentally different from other well-known behavioral patterns such as overtrading or the disposition effect. [...] We measure the opportunity cost of panic sales and find that, while freaking out does protect investors during a crisis, such investors often wait too long to reinvest, causing them to miss out on significant profits when markets rebound.

Stock Market Winners: Conditional Probabilities, Elapsed Times, and Post-Event Returns

Nearly 13% of sample stocks generate a 25x cumulative gross return during at least one interval within the 1973 to 2020 sample period, nearly 4% generate a 125x cumulative gross return, and over 1% generate a 625x return. [...] However, [...] the fact that some stocks generate outsize long-run returns does not imply that the markets are characterized by a form of long-horizon return momentum that can be exploited by simply purchasing stocks with large prior price runups.

Only Gamble in Town: Stock Market Gambling Around the World and Market Efficiency

Using unique global gambling data covering 38 countries, we estimate that there is 3.5 times as much gambling in stock markets as there is in “traditional” gambling outlets such as casinos and lotteries. Gambling accounts for an estimated 14% of stock market volume in developed countries and one-third of trading in emerging retail-dominated markets.

Leverage is a Double-Edged Sword

Across all investors (individuals and institutions), leverage negatively impacts performance, and margin calls account for the bulk of this underperformance.

Who Profits From Trading Options?

Approximately 70% of retail investors predominantly hold simple one-sided positions in only one class of options, while institutional investors are more likely to use multiple strategies with a range of complexity [...] We find that retail investors using simple strategies are losing to the rest of the market. For both retail and institutional investors, volatility trading earns the highest return, and risk neutral strategies deliver the highest Sharpe ratio.

Mapping Momentum

Collectively, sector and factor momentum explains away most of the security-specific 12-month momentum effect. [...] Traditional 12-month momentum is much more prevalent for past loser stocks whereas crashes and reversals are found mostly among past winners.

Interessante Links

Was Ben Graham a Quant?

There is little doubt that toward the end of his life, Graham was suggesting a more automatic, diversified, even lazy approach to investing.

ETF Taxation In The Crosshairs

Wyden’s proposal would [...] remove registered investment companies’ exemption to being taxed when they exchange appreciated property - like shares of a security.

'Quantitative Easing' Isn't Stimulus, and Never Has Been

By discouraging lending, QE creates less money and decreases inflation pressure. You read that right: QE is disinflationary.

The Efficacy & Cost of Hedging with Options

Options-based hedging seems to be most useful in black swan events, but only two such sharp and sudden drawdowns have happened in the past 50 years.

The Downside of Everything

The more I read and learn, the more I wonder if it’s better to lead a quiet life. Apparently there’s something better than being rich and famous: rich and anonymous.

Impressum:

Dr. Marko Gränitz

Fasbenderstr. 19a

97082 Würzburg