

國立東華大學應用數學系
專題演講

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Institute of statistical science, Academia Sinica

講題：Price Risk and Momentum Crash

時間：101年12月28日(星期五) 15:20-16:50

地點：理工一館 A324 會議室

摘要

We revisit the conventional momentum strategy in the US stock market from January 1930 to December 2010. Most of time, the market appears to underreact to public information and results in the consistent momentum effect. However, during the financial crisis periods, past losers of the conventional momentum strategy experience a high premium and strong gains, leading to a “momentum crash.” Although researchers have provided some explanations, in this study, we give another viewpoint. We argue that investors ignore the fact that the stock price rises too high. Since the quantitative analysis conducted by academic researchers or practitioners is almost exclusively focused on the return distributions, which hardly provides any information about how investors anticipate the future trend of the stock price. We call this kind of risk “price risk.” To measure the price risk, we propose a quantitative index that can be considered a measure to assess whether a stock is overpriced. After considering the price risk, the conventional momentum strategy can be significantly improved.



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