Empirical Research in Finance  
FINN 6333  
Spring 2014

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Course Description: This course will cover a number of current topics in investments and related econometric methods: econometric evaluation of asset pricing models; interplay between economic theory, statistical assumptions and relevant econometric techniques; interpreting financial market facts based on traditional and neo-behavioral models. A list of topics that I plan to cover is given below is tentative at this point and may be switched.

Readings: There are two main recommended (but not totally required) textbooks:


The course may rely on basic time series concepts as can be found in standard textbooks, e.g. Hamilton’s “Time Series Analysis” Princeton University Press 1994.

Course Requirements: There will be a few paper presentations assignments and a final project. The project could be a referee report, or some kind of a replication exercise.

Grading: Your grade will be based on your class participation, assignments, and the final exam. The weights are given below:

- Participation and Assignments  50%
- Final Project  50%

Attendance: Attendance is expected for every class. However, if you have to miss a class, you do not have to ask for my permission.

Academic Integrity: Students have the responsibility to know and strictly observe the University of Arkansas Academic Integrity regulations as described at http://provost.uark.edu/245.php. Violators will be sanctioned according to the Academic Integrity Sanctions guidelines as described at http://provost.uark.edu/246.php
Preliminary Course Outline

TOPIC 0: “Introduction”

1. Consumption based asset pricing
2. Some empirical facts

Book readings: Cochrane 1,2

Topic 1: “Return predictability, Momentum”

Book readings: CLM 2, Cochrane 20
Jegadeesh and Titman JF 1993, 2001
Chordia and Shivakumar JF 2002
Moskowitz and Grinblatt JF 1999

Topic 2: “GMM estimation”

Book readings: CLM App A1-A4, Cochrane 10-12

Topic 3: “Linear Factor Pricing Models”

Book readings: CLM 5,8, Cochrane 5,6
Fama-MacBeth (1973)
Fama-French (1992,1996)

Topic 4: “Return Attribution Models”

Sharpe JPM 1992
Fung and Hsieh 2001, 2004

Topic 5: “Liquidity”

O’Hara (JF 2003)
Pastor and Stambaugh (JPE 2003)
Avramov, Chordia, and Goyal (JF 2006)
Sadka (JFE 2006)
Sadka and Scherbina (JF 2007)
Naes, Skjeltorp, and Odegaard (JF 2011)