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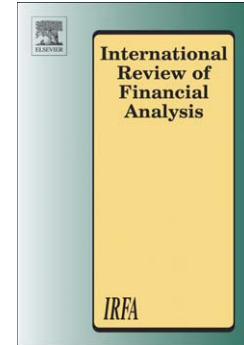
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## The cross-section of stock returns in an early stock market

Qing Ye<sup>a1</sup> and John D. Turner<sup>a</sup>

**Abstract:** Using a new dataset which contains monthly data on 1,015 stocks traded on the London Stock Exchange between 1825 and 1870, we investigate the cross section of stock returns in this early capital market. Unique features of this market allow us to evaluate the veracity of several popular explanations of asset pricing behavior. Using portfolio analysis and Fama-MacBeth regressions, we find that stock characteristics such as beta, illiquidity, dividend yield, and past-year return performance are all positively correlated with stock returns. However, market capitalization and past-three-year return performance have no significant correlation with stock returns.

*Keywords:* Cross-sectional stock returns; Anomalies; Size effect; Value effect

*JEL classifications:* G12; N23

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