

Author's Accepted Manuscript

Time-varying continuous and jump betas: The role of firm characteristics and periods of stress

Vitali Alexeev, Mardi Dungey, Wenying Yao



PII: S0927-5398(16)30120-7
DOI: <http://dx.doi.org/10.1016/j.jempfin.2016.11.002>
Reference: EMPFIN947

To appear in: *Journal of Empirical Finance*

Received date: 7 May 2015
Revised date: 19 September 2016
Accepted date: 4 November 2016

Cite this article as: Vitali Alexeev, Mardi Dungey and Wenying Yao, Time-varying continuous and jump betas: The role of firm characteristics and period of stress, *Journal of Empirical Finance*, <http://dx.doi.org/10.1016/j.jempfin.2016.11.002>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting galley proof before it is published in its final citable form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Time-varying continuous and jump betas: The role of firm characteristics and periods of stress

Vitali Alexeev^{a,*}, Mardi Dungey^b, Wenying Yao^c

^a*Finance Discipline Group, UTS Business School, University of Technology Sydney, Sydney NSW 2007, Australia*

^b*Tasmanian School of Business and Economics, University of Tasmania, Hobart TAS 7001, Australia*

^c*Department of Economics, Deakin Business School, Deakin University, Burwood VIC 3125, Australia*

Abstract

Using high frequency data we decompose the time-varying beta for stocks into beta for continuous systematic risk and beta for discontinuous systematic risk. Estimated discontinuous betas for S&P500 constituents over 2003-2011 generally exceed the corresponding continuous betas. Smaller stocks are more sensitive to discontinuities than their larger counterparts, and during periods of financial distress, high leverage stocks are more exposed to systematic risk. Higher credit ratings and lower volatility are each associated with smaller betas. Industry effects are also apparent. We use the estimates to show that discontinuous risk carries a significantly positive premium, but continuous risk does not.

Keywords: systematic risk, jumps, equity risk premium, high-frequency data

JEL: C58, G11, G01

*Corresponding author.

Email addresses: Vitali.Alexeev@utas.edu.au, Tel: +61 3 6226 2335 (Vitali Alexeev), Mardi.Dungey@utas.edu.au, Tel: +61 3 6226 1839 (Mardi Dungey), Wenying.Yao@utas.edu.au, Tel: +61 3 6226 7141 (Wenying Yao)

Download English Version:

<https://daneshyari.com/en/article/5100291>

Download Persian Version:

<https://daneshyari.com/article/5100291>

[Daneshyari.com](https://daneshyari.com)