

Topics in Asset Pricing

Assignment 6: Article review — Due on April 12th. Please submit **your report in pdf + a copy of the article reviewed** to hombert@hec.fr.

The assignment consists in writing a critical review (referee report) on a recent research paper.

The report should start with a brief (say, 1/2 page) summary of the paper exposing the motivation and main insight without repeating the technicalities. In the case of a theory paper, the working of the model and the intuitions should be explained in words (no equations). In the case of an empirical paper, the methodology and main results will be presented clearly.

The rest and most important part of the report is the critical analysis. What it should contain depends on the paper, but here are examples of what you can discuss.

For a theory paper: Are the assumptions and/or the results of the model empirical testable? Are they in line with anecdotal evidence or with existing empirical studies? Are there alternative theories that could explain the same facts? Is the model internally consistent? Is the model a straightforward extension of an existing model?

For an empirical paper: Are there problems with the empirical strategy (e.g., endogeneity)? Are there problems with the data? Does the interpretation of the results make sense? Does it test a theory? Could the results be consistent with an alternative theory?

In both cases, you can also suggest ideas to address the problems you have raised.

The report should not exceed 3 pages (if needed, you might have a technical appendix for figures and equations, which does not count toward the page limit). Be clear and concise!!!

I include below a link of interesting working papers that are a good fit for a critical review. You may also suggest a paper of your choice as long as it is not published yet and is related to the course. **You must send me an email with your choice of paper. I will assign papers on the first come first served basis.**

Suggested papers to be reviewed
(please let me know if a link is broken)

On financial frictions in financial markets:

- (E) The Collateral Rule: An Empirical Analysis of the CDS Market (Capponi, Cheng, Giglio, Haynes) [\[pdf\]](#)
- (E) Leverage-Induced Fire Sales and Stock Market Crashes (Bian, He, Shue, Zhou) [\[pdf\]](#)
- (T) Heterogeneous Intermediary Asset Pricing (Kargar) [\[pdf\]](#)
- (E) Slow Arbitrage: Fund Flows and Mispricing in the Frequency Domain (Dong, Kang, Peress) [\[pdf\]](#)
- (T/E) Are Intermediary Constraints Priced? (Du, Hebert, Huber) [\[pdf\]](#)
- (T/E) Variation Margins, Fire Sales, and Information-Constrained Optimum (Biais, Heider, Hoereva) [\[pdf\]](#)
- (T) Optimal Contracts in Delegated Portfolio Management – An Equilibrium Analysis (Breugem, Buss) [\[pdf\]](#)
- (T) Is there Too Much Benchmarking in Asset Management? (Kashyap, Kovrijnykh, Li, Pavlova) [\[pdf\]](#)

(E) Does Credit Affect Stock Trading? Evidence From the South Sea Bubble (Braggion, Frehen, Jerphanion) [\[pdf\]](#)

On behavioral finance:

(E) Lazy Prices (Cohen, Malloy, Nguyen) [\[pdf\]](#)

(E) Does Diversity Lead to Diverse Opinions? Evidence from Languages and Stock Markets (Chang, Hong, Tiedens, Wang, Zhao) [\[pdf\]](#)

(E) Belief Disagreement and Portfolio Choice (Meeuwis, Parker, Schoar, Simester) can be found on [this page](#) where we can also find other interesting papers

(E) In Military We Trust: The Effect of Managers' Military Background on Mutual Fund Flows (Orlov, Cocharadt, Heller) can be found on [this page](#) where we can also find other interesting papers

(E) Five Facts About Beliefs and Portfolios (Giglio, Maggiori, Stroebel, Utkus) [\[pdf\]](#)

(E) New Experimental Evidence on Expectations Formation (Landier, Ma, Thesmar) [\[pdf\]](#)

(T) Superstitious Investors (Guo, Wachter) [\[pdf\]](#)

(T) Prospect Theory and Stock Market Anomalies (Barberis, Jin, Wang) [\[pdf\]](#)

(T) Price and Volume Dynamics in Bubbles (Liao, Peng) [\[pdf\]](#)