Lingnan 嶺南大學 University
The Liberal Arts University in Hong Kong 香港的博雅大學

財務及保險學系 Department of Finance & Insurance
香港商學研究所 Hong Kong Institute of Business Studies

ACADEMIC SEMINAR

Investor Learning and the Accruals Anomaly

We examine whether the recently documented decay in the accruals anomaly is attributable to investor learning or time-varying risk. While both investor learning and time-varying risk can explain the decay, only the former predicts that accruals-related stock return effects shift to periods closer to the release of accruals information. Consistent with this view, we find increased stock market reactions to quarterly accruals information surrounding 10K/Q filing dates during the period when the annual accruals anomaly is reported to be absent. During the same period, we find that the predictive power of quarterly accruals for quarter-ahead stock returns increases relative to its predictive power for stock returns two quarters ahead. In addition, we find evidence that short sellers have learned over time to react to information about extreme accruals in a timelier manner. Based on the speed of price adjustment, our empirical strategy has broad implications for the research in adaptive market efficiency.

Dr TAN Yongxian

Assistant Professor of Finance
Shanghai University of Finance and Economics

Dr Yongxian Tan received his PhD degree in Finance from the Vanderbilt University. Currently, he is an Assistant Professor of Finance at the Shanghai University of Finance and Economics. Dr. Tan has broad research interest in empirical corporate finance and empirical asset pricing. His current research covers topics on stock market anomalies, corporate financing decisions, innovation and corporate governance. Dr. Tan holds a CPA Certificate at the State of Illinois, USA.

Date: 15 December 2015 (Tuesday)

Time: 10:00 – 11:30am

Venue: SEK206, Simon and Eleanor Kwok Building

Language: English

For enquiries, please contact 2616-8373 or email to hkibs@Ln.edu.hk

*** All are Welcome ***