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Exogenous Information Production and Asset Pricing Puzzles: Lessons from Japan

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https://hdl.handle.net/2324/1959069

出版情報：Kyushu University, 2018, 博士（経済学）, 課程博士
バージョン：
権利関係：Public access to the fulltext file is restricted for unavoidable reason (3)

KYUSHU UNIVERSITY

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論 文 名　：Exogenous Information Production and Asset Pricing Puzzles: Lessons from Japan
（外生的な情報開示と資産価格決定パズル：日本からの教訓）

区　　分　：甲

論 文 内 容 の 要 旨

Financial economists typically rely on the stream of information that arrives to market to study how information affects financial asset prices. This thesis examines this subject through the lens of the Japanese microstructure and behavioural/cultural norms and ethos. Specifically the thesis comprises of three essays each of which addresses a number of open questions with respect to investor behaviour and asset price (mis)alignments in the unique local context of the Japanese market. Information pertaining to rebalancing decisions of the country's flagship stock index (the Nikkei 225) is used as the source of exogenous variation in the existing information supply in the market, thus circumventing potential endogeneity issues. Until now, empirical investigations of the price impact of index rebalancing decisions have not allowed for the inherent cross-dependence in the sample data. Thus the first essay titled "*Cross-correlation Bias and the Short-run Announcement Effect of Index Revisions: A Re-visit"* empirically demonstrates that ignoring cross-sectional correlations in the rebalancing data conveys signals of spurious arbitrage opportunities for investors and portfolio managers.

The second essay titled "*Information Asymmetry, Unscheduled Announcements and the Persistence of Price Pressure around Index Changes"* finds new evidence that Nikkei 225 index deletions are *not* information-free events and that non-scheduling the rebalancings exacerbate the price pressures that cause prices to overshoot. The essay also integrates information asymmetry risks into empirical discussions of the index effect, which fits well with the theoretical framework of Llorente, Michaely, Saar and Wang (2002).

The third essay titled "*Index Shocks, Investor Action and Long-run Stock Performance in Japan: A Case of Cultural Behaviouralism?*" empirically demonstrates that insights from the collective cultural orientation of Japanese society are relevant to: (i) the trading decisions of investors around the announcement of changes to the Nikkei 225 index, and (ii) the medium- to long-term performance of stocks affected by the changes.

The thesis makes a number of important contributions to the literature on stock market efficiency, behavioural anomalies and investor behaviour. First it shows, from a micro-institutional perspective, that non-scheduled index rebalancings increase price volatility, which forces index-investors to pay higher premiums on newly added stocks. Second, the thesis

demonstrates possible links between investors' cultural priors and long-run return performance of stocks affected by index rebalancing decisions, consistent with the notion that investors in different national cultures respond differently to an information shock and are subject to different cognitive biases. Overall, the thesis contributes to our understanding of asset price behaviour in the Japanese context, and also provides some promising building blocks for future research on how information affects asset prices and how prevailing local nuances and the micro-context moderates this interaction.