

SCHOOL OF COMMERCE RESEARCH SEMINAR SERIES

CENTER FOR APPLIED FINANCE AND ECONOMICS

WEDNESDAY 3RD OF MAY



Presenter: Dr Chandrasekhar Krishnamurti

Title: Policy Uncertainty and Marketing Liquidity

Bio: Dr Chandrasekhar Krishnamurti is the Professor and Head of Finance Discipline, University of Southern Queensland. He has done extensive research on the impact of global financial crisis, asset pricing, corporate governance, market microstructure and corporate finance and has won nine best paper awards. He has published over 50 research articles in outlets such as the Journal of Contemporary Accounting and Economics, Journal of Corporate Finance, Journal of Banking and Finance, Financial Management, and Corporate Governance: An International Review. He has conducted policy oriented research for think tanks such as Global Risk Institute in Financial Services, Toronto, Canada and USAID.

Abstract: We examine the effect of policy uncertainty on firm level stock and bond market liquidity. We posit two channels through which policy uncertainty may affect firm level liquidity. First, we postulate that policy uncertainty affects a firm's market liquidity by affecting a firm's funding liquidity – defined as the ease with which a trader can obtain financing. Second, policy uncertainty could affect firm level liquidity through the information asymmetry channel. During periods of heightened policy uncertainty, managers have incentives to delay their communication of these decisions to the public due to adverse effects on their stock prices. We expect higher levels of information asymmetry leading to lower levels of market liquidity. Our empirical results suggest that policy uncertainty indeed affects firm level market liquidity. Our results are robust to controls for macroeconomic variables and potential endogeneity.

Date and Time: Wednesday 3 May, 11:00am – 12:30pm

Location: Way Lee Building, WL2-47
City West Campus, University of South Australia

For further information please contact Jon Lontos on (08) 8302 0457 or email CMR-Research@unisa.edu.au

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