

CENTRE FOR APPLIED FINANCE AND ECONOMICS

Seminar



Professor Talis Putnins, University of Technology Sydney.

Presentation: *What moves stock prices? The role of news, noise, and information*

Abstract: We develop a return variance decomposition to investigate the roles of different types of information and noise in driving stock price movements. We disentangle four components: market-wide information, private firm-specific information revealed through trading, firm-specific information revealed through public sources, and noise (pricing errors driven by illiquidity and other frictions). We find that while noise accounts for a considerable proportion of stock return variance overall, since the mid-1990s there has been a dramatic decline in the noise component. During this period, there has been an increase in firm-specific information consistent with increasing market efficiency. Our findings help reconcile the mixed results in the R^2 literature and provide insights into the informational impacts of recent phenomena such as passive investing, algorithmic trading, and trends in correlations.

Date: Thursday 31 May 2018

Time: 11:00am – 12:30pm

Location: GK5.15 (Level 5, Room 15, Sir George Kingston Building) City West
[\[campus map\]](#)

For any further information and enquiries please contact

CMR-Research@unisa.edu.au or

Jon Lontos on jon.lontos@unisa.edu.au or phone +61 8 830 20457