AUCKLAND CENTRE FOR FINANCIAL RESEARCH

NEW ZEALAND FINANCE MEETING

5 - 7 December 2024

Programme

Kia Ora and Welcome

We are thrilled to welcome you to the 2024 New Zealand Finance Meeting, organised by the Auckland Centre for Financial Research at Auckland University of Technology. Since its inception as the Auckland Finance Meeting in 2011, this conference has steadily grown in scope, quality, and reputation. Over these thirteen years, the NZFM has transformed into a premier international forum for empirical financial research, consistently bringing together leading academics to advance financial scholarship, foster knowledge exchange, and strengthen professional networks. This year, we are excited to welcome close to 100 researchers from 53 universities across 13 countries.

This year's programme includes keynote addresses and high-quality research presentations, along with PhD student sessions that spotlight emerging research. We are also excited to host a Women in Finance event, reaffirming our commitment to diversity in the finance field.

Alongside a robust academic programme, the conference offers a range of networking opportunities, including the conference dinner on Thursday evening and informal networking drinks on Friday. To ensure a memorable experience in Auckland, we're pleased to include a heritage sailing cruise, allowing participants to take in the beautiful harbour and iconic views of Auckland, famously known as the City of Sails.

We are pleased to announce that selected conference papers will be considered for a special issue of the Global Finance Journal. We extend our gratitude to Professor Ali Fatemi, the journal's Editor-in-Chief, for facilitating this collaboration. Following the conference, participants who have expressed interest in submitting to this Special Issue will be contacted directly.

Our sincere thanks go to our sponsors, whose support has been vital to the conference's success. We are honoured to partner with the NZ Super Fund, CFA Institute, Wharton Research Data Services (WRDS), Financial Research Network (FIRN), and Global Finance Journal. Many of these partners have been with us throughout our journey, demonstrating a shared commitment to advancing academic research and enriching the finance community.

A conference of this scale and calibre would not be possible without the dedication of many individuals. We offer special thanks to the members of the Programme Scientific Committee, keynote speakers, Professors Jun Pan and Rossen Valkanov, the Women in Finance panellists, Professors Jun Pan, Andrea Lu, Christina Atanasova, and Lina El-Jahel, the guest editor of the Global Finance Journal Special Issue, Professor Madhu Kalimipalli, and PhD student session chairs, Professors Christina Atanasova, Madhu Kalimipalli and Nhut (Nick) Nguyen Hoang, for their invaluable contributions. Also, we are grateful to Zsarra Rose Perez, whose exceptional coordination has ensured the smooth running of this event.

As we gather in Auckland, we hope you find inspiration, create meaningful connections, and enjoy your time in Auckland, Aotearoa, New Zealand.

Olga Dodd
Associate Professor of Finance, Auckland University of Technology
Director of the Auckland Centre for Financial Research

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AUT
TE WĀNANGA ARONUI O TĀMAKI MAKAU RAU

Our Sponsors:

Programme Scientific Committee

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Madhu Kalimipalli, Wilfrid Laurier University
Manapol Ekkayokkaya, Chulalongkorn University
Nhut (Nick) Nguyen Hoang, AUT
Oliver Entrop, Passau University
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Robert Durand, Curtin University
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Sun Qian, Fudan University
Wolfgang Bessler, Hamburg University
Yiuman Tse, University of Missouri–St. Louis

Meeting Organisers

Olga Dodd, Auckland University of Technology
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Jose da Fonseca, Auckland University of Technology
Stephen Bahadar, Auckland University of Technology

Meeting Coordinator

Zsarra Rose Perez, Auckland University of Technology

Keynote Speakers

Professor Jun Pan

Shanghai Advanced Institute of Finance (SAIF),
Shanghai Jiao Tong University

Dr. Jun Pan is a Professor of Finance and SAIF Chair Professor at the Shanghai Advanced Institute of Finance (SAIF) at Shanghai Jiao Tong University. Before joining SAIF in 2019, Professor Pan held prestigious positions at renowned institutions, including the School of Management Distinguished Professor of Finance and Professor of Finance at the MIT Sloan School of Management. She was also a fellow at the National Institute of Economic Research in the United States.

Professor Pan's research fields encompass asset pricing, financial derivatives markets, credit risk models, financial crises, market liquidity, market microstructure, risk management, fixed-income markets, and China's financial market. She has published more than 20 high-level academic papers in prestigious international academic journals, including Econometrica, Journal of Finance, Review of Financial Studies, and Journal of Financial Economics. In 2022, Professor Pan was selected for Elsevier's list of "China's Most Cited Scholars."

Professor Pan serves as an Editor at the *Review of Finance* and an Associate Editor at the *Journal of Finance*. In recognition of her outstanding research contributions, she received the SAIF Faculty Academic Research Award in 2022.

Professor Pan has received numerous awards and honours throughout her career, including the Luise Meyer-Schutzmeister Award for American Women in Science (1995), the Jaedicke Fellowship at Stanford Graduate School of Business (1996-1997), the Lieberman Fellowship at Stanford University (1998-1999), the Western Illinois University Alumni Achievement Award (2001), the First Prize in The Chicago Quantitative Alliance Annual Academic Competition (2003), and The Stephen A. Ross Prize in Financial Economics (2015).

Keynote Speakers

Professor Rossen Valkanov

University of California San Diego, USA

Rossen Valkanov is the Zable Endowed Chair in Management and Professor of Finance at the Rady School of Management and the inaugural Co-Director of the new Master's in Finance program. He was Associate Dean of Faculty at the Rady School from 2020-2023. He received his Ph.D. in economics from Princeton University (1999) and graduated summa cum laude from the University of California, Irvine, with a BA in economics (1995). His main research interests are in the areas of empirical finance, financial econometrics, financial forecasting, risk management, portfolio allocation, and real estate. Professor Valkanov has authored numerous articles and book chapters. His research has been published in some of the most prestigious peer-reviewed journals, such as the Journal of Finance, Journal of Financial Economics, and Review of Financial Studies. Empirical methods and big data applications based on his research—such as Mixed Data Sampling Regressions (MIDAS), parametric portfolio approaches, and forecasting procedures—have received significant interest from finance industry practitioners. He is currently the Editor of the *Journal of Empirical Finance*.

Professor Valkanov has taught at UCLA, UC Berkeley, Princeton, and various other institutions in the US and abroad. He is an award-winning educator and teaches regularly in the Master of Finance, Full-Time MBA, Flex MBA, Evening MBA, and Executive MBA programs at UCSD. He is a member of many professional organisations, including the American Finance Association, the American Economic Association, the Econometric Society, and the American Real Estate and Urban Economics Association.

Featured Event

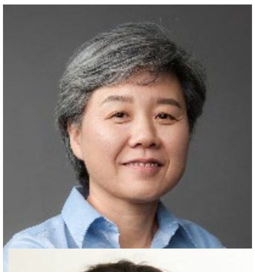
Women in Finance

Panel and Breakfast

Friday 6 December 2024
9:00 am – 10:15 am
Four Seasons, AUT City Campus

Join us for a morning of insightful discussion and networking with inspiring women in finance academia. This panel will highlight the achievements, challenges, and future directions for women in the field, fostering collaboration and diversity.

Panellists:



Jun Pan is a Professor of Finance and SAIF Chair Professor at the Shanghai Advanced Institute of Finance (SAIF) at Shanghai Jiao Tong University. Professor Pan is the Editor of the *Review of Finance* and an Associate Editor of the *Journal of Finance*.

Andrea Lu is an Associate Professor of Finance at the University of Melbourne, Program Director for the Master of Management (Finance) program, and Vice President FIRN Women at FIRN (Australia's financial research network).

Christina Atanasova is a Professor of Finance, the Philip Hochstein Research Fellow, and the Associate Dean Research and PhD Program, at the Beedie School of Business at Simon Fraser University in Canada.

Lina El-Jahel is an Associate Professor of Finance, Assistant Dean Research and Subject Group Lead for Finance at the University of Auckland, and an Associate Editor of the *European Journal of Finance*.

Everyone is welcome to attend!

This event is sponsored by: FIRN

Best Paper Awards

We extend our sincere thanks to the sponsors of the Best Paper Awards. These awards will be presented during the Best Paper Awards Ceremony on Saturday, 7 December.

NZFM 2024 Best Paper Award (NZD 2,000)

sponsored by:

NZSUPERFUND
Te Kaitiaki Tahua Penihana Kaumātua o Aotearoa

NZFM 2024 Runner-Up Award (NZD1,000)

sponsored by:

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Global Finance Journal Award (USD1,000)

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CFA Institute Asia-Pacific Research Exchange Award (NZD 1,000)

sponsored by:

CFA Institute

NZFM 2024 Best PhD Student Paper Award (NZD1,000)

sponsored by:

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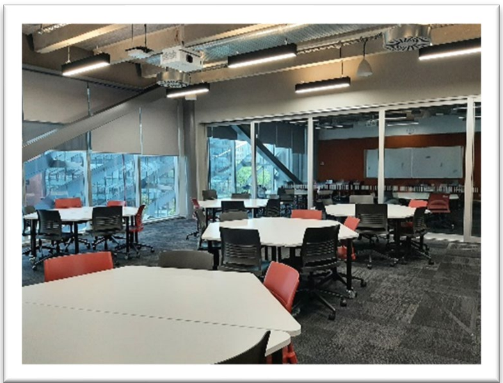
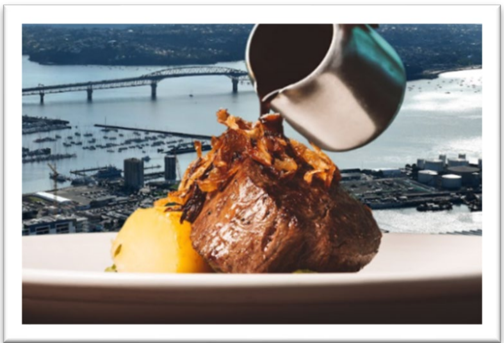
Venue Information

All conference events, except for the conference dinner and the Women in Finance breakfast, will take place at the Auckland University of Technology (AUT) City Campus, in the **WZ Building** on St. Paul Street, Auckland Central.

Welcome and **registration** will be held in the **WZ Atrium** on the ground level of the WZ Building or on **Level 3** of the WZ Building. Note: attendees can register upon arrival or during any break throughout the conference.



All **presentation sessions** will be in rooms on **Level 5** of the WZ Building. **Keynote** addresses will take place in the lecture theatre on **Level 4** of the WZ Building.

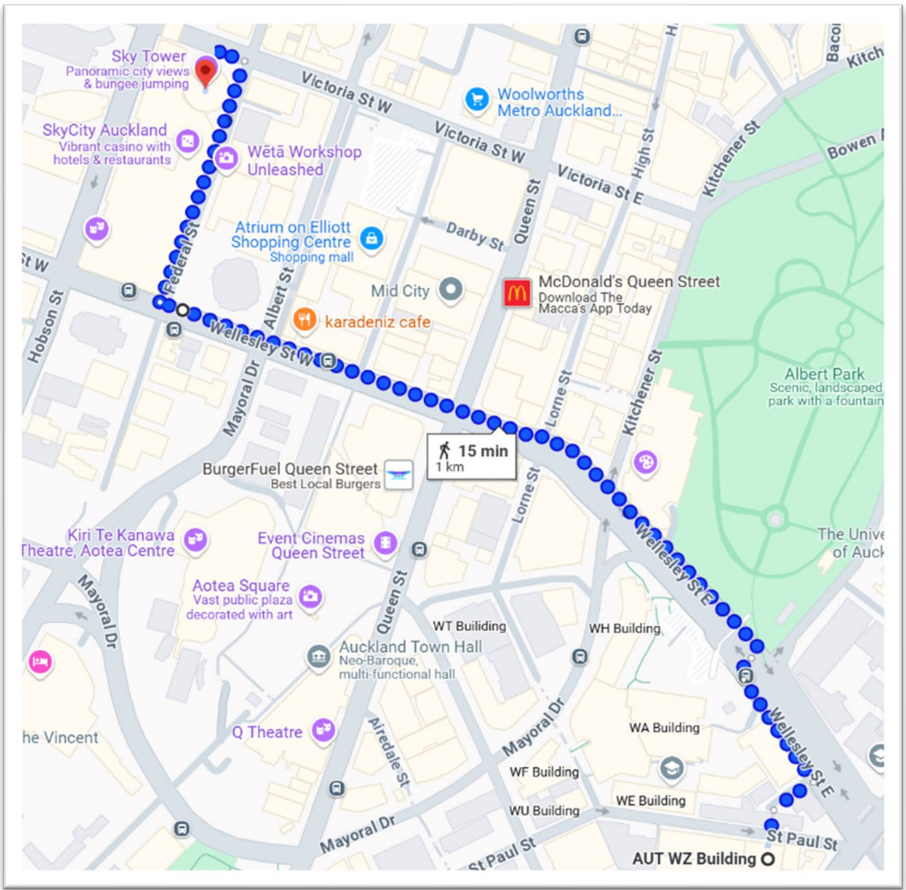


The **conference dinner** will be at the **Orbit 360 Dining**, an iconic New Zealand restaurant offering spectacular views. Situated at the top of Auckland's Sky Tower, the dining room rotates once every hour, providing a unique experience with incredible 360-degree panoramas of the city, the Hauraki Gulf and beyond (please see the directions and map to the Orbit restaurant on the next page).

The **Women in Finance** Panel and Breakfast will be held at the **Four Seasons** restaurant at the Auckland University of Technology (AUT) City Campus (please see the directions and map to the Four Seasons restaurant on the next page).

Directions for Orbit 360 Restaurant

Orbit 360 restaurant address: 72-78 Victoria Street West Level 52, Sky Tower, Victoria Street West
You may wish to join the group walking from the WZ Building at AUT at 4:45 pm.
You will need your lanyard for access to Orbit restaurant.



Directions for Four Seasons

Four Seasons Restaurant & Event Space address: 55 Wellesley Street East.
Four Seasons is located at the AUT City Campus, in the WH building, a short walk from the WZ building.

2024 New Zealand Finance Meeting Programme Overview

Day 1	Thursday, 5 December 2024	
10:00 - 10:30	Welcome and registration	WZ Atrium
10:30 - 12:00	Stream A	
Session A1	Asset pricing	WZ501
Session A2	Corporate engagement and investor relations	WZ502 & 503
Session A3	Debt financing	WZ519
Session A4	Personal finance	WZ514
12:00 - 13:00	Lunch	WZ Atrium
13:00 - 15:00	Stream B	
Session B1	CEO characteristics	WZ501
Session B2	Climate policies and disclosure	WZ502
Session B3	Corporate risks	WZ503
Session B4	Fund management	WZ514
Session B5	Stock return predictability	WZ519
15:00 - 15:15	Coffee Break	WZ Atrium
15:15 - 16:30	Keynote: Professor Jun Pan	WZ416
17:15 - 19:15	Conference Dinner	Orbit 360

Day 2	Friday, 6 December 2024	
9:00 - 10:15	Women in Finance Panel and Breakfast	Four Seasons
10:30 - 12:00	Stream C	
Session C1	Commodities	WZ501
Session C2	Corporate communication and disclosure	WZ502
Session C3	Corporate innovation	WZ503
Session C4	Cryptocurrencies	WZ514
Session S1	PhD student session I	WZ519
12:00 - 12:45	Lunch	WZ Level 3
12:45 - 14:00	Keynote: Professor Rossen Valkanov	WZ416

14:00 - 15:30	Stream D	
Session D1	Financial inclusion	WZ501
Session D2	Hedging and option pricing	WZ502
Session D3	Information and investor behaviour	WZ503
Session D4	Private equity and startups	WZ514
Session S2	PhD student session II	
15:30 - 16:00	Afternoon Tea	WZ Level 3
16:00 - 17:30	Stream E	
Session E1	Carbon risk and green finance	WZ501
Session E2	Corporate finance and cost of capital	WZ502
Session E3	Housing market and finance	WZ503
Session E4	Social media	WZ514
Session S3	PhD student session III	WZ519
17:30 - 16:30	Networking Drinks	WZ Atrium

Day 3	Saturday, 7 December 2024	
9:00 - 11:00	Stream F	
Session F1	Asset pricing theory	WZ501
Session F2	Equity market volatility and liquidity	WZ502 & 503
Session F3	ESG events	WZ514
Session F4	Labour markets	WZ519
11:00 - 11:45	Best Paper Awards Ceremony and Morning Tea	WZ Atrium
12:30 - 13:30	Auckland sightseeing (sailing cruise)	

2024 New Zealand Finance Meeting Detailed Programme

Online programme with links to full papers is available at https://acfr.aut.ac.nz/conferences-and-events/2024-nzfm.

Day 1	Thursday, 5 December 2024	
10:00 - 10:30	Welcome and registration	WZ Atrium
10:30 - 12:00	Stream A	
Session: A1	Asset pricing	10:30 - 12:00
Chair:	Ville Rantala, University of Miami	WZ501
Paper:	The Pricing of Liquidity Factors	
Authors:	**Sanghyun Hong**, University of Canterbury Kee H. Chung, State University of New York	
Discussant:	Thanh Vu, University of Auckland	
Paper:	Selection Neglect and the Cross-Section of Wine Returns	
Authors:	Robbe Van Tillo, KU Leuven **Gertjan Verdickt**, University of Auckland	
Discussant:	Ville Rantala, University of Miami	
Paper:	Global Fund Flows: What They Reveal About Global Factors	
Authors:	Thanh D. Huynh, Monash University **Hieu Quang Nguyen**, Macquarie University Anh V. Pham, Royal Melbourne Institute of Technology University	
Discussant:	Xiaopeng Wei, University of Adelaide	
Session: A2	Corporate engagement and investor relations	10:30 - 12:00
Chair:	James Cummings, University of Sydney	WZ502 & 503
Paper:	Trade Credit and Implicit Government Guarantee: Evidence from Chinese State-Owned Enterprise Defaults	
Authors:	**Xingdi Tian**, Southwestern University of Finance and Economics	
Discussant:	James Cummings, University of Sydney	
Paper:	Say on Corporate Donations: Evidence from the UK	
Authors:	**Yerzhan Tokbolat**, Queen's University Belfast	
Discussant:	Xiaona Ji, Macquarie University	
Paper:	Firm Attention to Retail Investors	
Authors:	Alexandre Jeanneret, University of New South Wales **Tianyi Lu**, University of New South Wales Wenjin Tang, Beihang University	
Discussant:	Andre Poyser, University of Otago	
Session: A3	Debt financing	10:30 - 12:00
Chair:	Hardjo Koerniadi, Auckland University of Technology	WZ519
Paper:	Credit Relationships and Dynamic Credit Constraints	
Authors:	**Jingfeng Zhang**, London School of Economics and Political Science	
Discussant:	Daxuan Cheng, Macquarie University	
Paper:	Antitakeover Provisions and Debt Maturity Structure	
Authors:	Lorenzo Casavecchia, University of Technology Sydney **Hardy Hulley**, University of Technology Sydney Shu Yang, University of Technology Sydney	
Discussant:	Hardjo Koerniadi, Auckland University of Technology	
Paper:	Can Trust Enhance Credit Rating Accuracy?	
Authors:	**Yu Su**, Monash University	
Discussant:	Hardy Hulley, University of Technology Sydney	

Session: A4	**Personal finance**	10:30 - 12:00
Chair:	Joshua Shemesh, Monash University	WZ514
Paper:	Consumption out of Investment Proceeds under Limited Attention	
Authors:	**Guodong Chen**, New York University Shanghai Yiqing Lv, New York University Shanghai Xiaomeng Lu, Fudan University Michaela Pagel, Washington University in St. Louis	
Discussant:	Joshua Shemesh, Monash University	
Paper:	Present Bias, Self-Control, and Financial Fragility	
Authors:	**Thomas Hendry**, Griffith University	
Discussant:	Thomas Tony George, Pondicherry University	
Paper:	The Power of Personal Control in Financial Decisions Under Risk	
Authors:	**Danielle Kent**, University of Sydney	
Discussant:	McKay Price, Lehigh University	
12:00 - 13:00	**Lunch**	WZ Atrium
13:00 - 15:00	Stream B	
Session: B1	**CEO characteristics**	13:00 - 15:00
Chair:	Jing-Ming (Thomas) Kuo, University of Birmingham	WZ501
Paper:	Inherited Culture and Corporate Innovation	
Authors:	Jianlei Han, Macquarie University **Xiaona Ji**, Macquarie University Zheyao Pan, Macquarie University	
Discussant:	Bowen Wang, Massey University	
Paper:	CEO Overconfidence, Corporate Digitalization, and Inventory Management	
Authors:	Qingjie Du, University of Birmingham **Jing-Ming (Thomas) Kuo**, University of Birmingham Yiyuan Xu, University of Birmingham	
Discussant:	Yudong Liu, University of Adelaide	
Paper:	The Effect of CEO Climate Awareness on Corporate Emissions	
Authors:	**Yuyang Zhang**, University of Melbourne	
Discussant:	Jing-Ming (Thomas) Kuo, University of Birmingham	
Paper:	Is ESG a managerial Style?	
Authors:	Tianyu Cai, Shanghai International Studies University Leo Liu, University of Technology Sydney Jason Zein, University of New South Wales **Hao Zhang**, University of New South Wales	
Discussant:	Shuying Wu, University of Melbourne	
Session: B2	**Climate policies and disclosure**	13:00 - 15:00
Chair:	Ingomar Krohn, Bank of Canada	WZ502
Paper:	Going Green or Greenwashing? Evidence From a Quasi-Natural Experiment of Chinese Air Quality Monitoring Network	
Authors:	**Ziwen Peng**, Massey University Hamish Anderson, Massey University Jing Chi, Massey University Jing Liao, Massey University	
Discussant:	Adina Yelekenova, Monash University	
Paper:	The Unseen Cost of Green Policies: The Impact of Environmental Regulation on Workplace Safety	
Authors:	**Ebenezer Effah**, City University of Hong Kong Yaxuan Qi, City University of Hong Kong	

	Rengong Zhang, City University of Hong Kong	
Discussant:	Renxuan Wang, China Europe International Business School	
Paper:	Soft Law, Hard Results: The Impact of Government Climate Action Plans on Investor Attention	
Authors:	Chee Seng Cheong, University of Adelaide George Mihaylov, University of Adelaide Ralf Zurbrugg, University of Adelaide **Wei (Vivian) Li**, University of Adelaide	
Discussant:	Kai Huang, Massey University	
Paper:	Globalization, ESG Investing and Emerging Market Cost of Capital	
Authors:	Adrien Alvero, Balyasny Asset Management **Renxuan Wang**, China Europe International Business School Zheyang Zhu, Cornell University	
Discussant:	Ingomar Krohn, Bank of Canada	
Session: B3	Corporate risks	13:00 - 15:00
Chair:	Sanghyun Hong, University of Canterbury	WZ503
Paper:	Predicting CDS Spreads and Stock Returns with Weather Risk: A Study Utilizing NLP/LLM and AI Measures	
Authors:	**Yi Zhou**, San Francisco State University	
Discussant:	Sanghyun Hong, University of Canterbury	
Paper:	Mind the Cost of Disturbance: Firm-level Supply Chain Risk and the Bank Loan Cost	
Authors:	**Daxuan Cheng**, Macquarie University Yin Liao, Macquarie University Zheyao Pan, Macquarie University Lei Gao, George Manson University	
Discussant:	Jenny Ji Hyun Tak, University of New South Wales	
Paper:	Geopolitical Risk and Global Systemically Important Banks' Default Risk: Evidence from CDS Spreads	
Authors:	Chandrasekhar Krishnamurti, University of South Australia Hao Zhou, University of South Australia **Md Farhan Imtiaz**, University of South Australia Simon Cottrell, University of South Australia	
Discussant:	Vladislav Pyzhov, University of Technology Sydney	
Paper:	Global Insolvency and Cross-border Capital Flows	
Authors:	**Jenny Ji Hyun Tak**, University of New South Wales Yeejin Jang, University of New South Wales Wei Wang, Queen's University	
Discussant:	Jingfeng Zhang, London School of Economics and Political Science	
Session: B4	Fund management	13:00 - 15:00
Chair:	Cao Fang, Northeastern University	WZ514
Paper:	Mutual Funds in the Age of AI	
Authors:	**Yiming Zhang**, Hong Kong University of Science and Technology	
Discussant:	Pramod Kumar Yadav, University of Sydney	
Paper:	State-owned Capital Shareholding and Mutual Fund Responsible Investment: Evidence from Chinese Fund Management Companies	
Authors:	Zhuang Zhuang, University of Sydney Zhejiang Gongshang University, University of Sydney **Wei Cui**, University of Sydney	
Discussant:	Cao Fang, Northeastern University	
Paper:	How Do Mutual Funds Respond to Salient Pollution Events?	

Authors:	H. Ozlem Dursun-de Neef, Monash University **Han Zhou**, Monash University Daniel Chai, Jin Zhang, Royal Melbourne Institute of Technology	
Discussant:	Hung-Neng Lai, National Central University	
Paper:	Vanity in Teams	
Authors:	Daniel Dorn, University of Sydney **Pramod Kumar Yadav**, University of Sydney	
Discussant:	Michelle Mi, University of Queensland	
Session: B5	Stock return predictability	13:00 - 15:00
Chair:	Hieu Quang Nguyen, Macquarie University	WZ519
Paper:	Star Firms, Information Externalities, and Predictability	
Authors:	Alok Kumar, University of Miami Vidhi Chhaochharia, University of Miami **Ville Rantala**, University of Miami Mehrshad Motahari, University of London	
Discussant:	Gertjan Verdickt, University of Auckland	
Paper:	How does Convolutional Neural Network (CNN) Predict Stock Returns?	
Authors:	Qi Zeng, University of Melbourne **Stephen Dixon**, University of Melbourne	
Discussant:	Ruizi Hu, University of Otago	
Paper:	Inflation Concerns and Stock Market Returns	
Authors:	**Xiaopeng Wei**, University of Adelaide Xinfeng Ruan, Xi'an Jiaotong-Liverpool University, China	
Discussant:	Hieu Quang Nguyen, Macquarie University	
Paper:	Lost in Translation: How Predictability Turns into Performance	
Authors:	Michael Hanke, University of Liechtenstein **Lukas Salcher**, University of Liechtenstein Michael Hanke, University of Liechtenstein	
Discussant:	Quoc Khanh Nguyen, University of Technology Sydney	
15:00 - 15:15	Coffee Break	WZ Atrium
15:15 - 16:30	**Keynote: Professor Jun Pan** Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University **The Stock-Bond Correlation: A Tale of Two Days in the Treasury Bond Market** This paper constructs a high-frequency measure of stock-bond correlation to identify two distinctive pricing patterns in global markets, when U.S. Treasury bonds (UST) serve either as the destination of safety or as a source of risk. On days with highly negative stock-bond correlations, safety matters the most and the pricing of global assets is determined by their relative safety. For UST, the premier safe asset, the value of safety widens its convenience yield, shrinks the term premium, and breaks the transmission from UST to USD. By contrast, on days with high stock-bond correlations, UST becomes a source of risk, with increased volatility, smaller convenience yield, and higher term premium. The 2019 repo spike, the 2020 dash for cash, the 2021 inflation surge, and the 2022 rate hikes are prominent examples captured by our high-frequency measure when UST temporary ceases its safe-asset role and becomes a source of risk. Overall, our measure of stock-bond correlation can be used to capture the tale of two days in UST, quantifying its safety value and identifying its risk.	WZ416
17:15 - 19:15	Conference Dinner	Orbit 360

Day 2	Friday, 6 December 2024	
9:00 - 10:15	Women in Finance Panel and Breakfast	Four Seasons
10:30 - 12:00	Stream C and PhD student session I	

Session: C1	**Commodities**	10:30 - 12:00
Chair:	Joseph Chen, University of California, Davis	WZ501
Paper:	In the Heat of The Moment, Secrets Will Out: Oil Price Uncertainty and Firm Green Innovation Disclosure	
Authors:	**Kai Huang**, Massey University Jing Chi, Massey University Jing Liao, Massey University Mui Kuen Yuen, Massey University	
Discussant:	Wei (Vivian) Li, University of Adelaide	
Paper:	Present Value, Commodity Prices and Exchange Rates	
Authors:	**Maxym Chaban**, University of Saskatchewan	
Discussant:	Joseph Chen, University of California, Davis	
Paper:	Commodity Futures Characteristics and Asset Pricing Models	
Authors:	**Yiyi Qin**, Southwestern University of Finance and Economics Jun Cai, City University of Hong Kong Jie Zhu, Shanghai University Robert Webb, University of Virginia	
Discussant:	Maxym Chaban, University of Saskatchewan	

Session: C2	**Corporate communication and disclosure**	10:30 - 12:00
Chair:	Karel Hrazdil, Simon Fraser University	WZ502
Paper:	Accounting Disclosures and Stock Price Efficiency: Evidence from Mandatory IFRS Adoption	
Authors:	**Karel Hrazdil**, Simon Fraser University Yan Li, Trent University	
Discussant:	Yerzhan Tokbolat, Queen's University Belfast	
Paper:	Corporate Communications with Government Executive Officials: Evidence from the STOCK Act	
Authors:	**Youan Wang**, Xiamen University Zhige Yu, Xiamen University	
Discussant:	Karel Hrazdil, Simon Fraser University	
Paper:	Endogenous Corporate Disclosure During the COVID-19 Lockdown	
Authors:	**Yeejin Jang**, University of New South Wales Taehyun Kim, Chung-Ang University Jongsub Lee, Seoul National University	
Discussant:	Madhu Kalimipalli, Wilfrid Laurier University	

Session: C3	**Corporate innovation**	10:30 - 12:00
Chair:	Prasad Hegde, Auckland University of Technology	WZ503
Paper:	Managerial Myopia and Firm Innovation and Moderating Effects of the Government and Corporate Governance: Evidence from China	
Authors:	Junchang Pan, Nanjing Agricultural University, Massey University **Junshi Chen**, Massey University Jing Chi, Massey University	
Discussant:	Yuyang Zhang, University of Melbourne	
Paper:	Distance Makes a Difference: Customer Geographic Proximity and Suppliers’ R&D Investment Intensity, Do Common Institutional Investors Play a Role?	
Authors:	**Bowen Wang**, Massey University	

	Jing Liao, Massey University Jing Chi, Massey University	
Discussant:	Yu Su, Monash University	
Paper:	Sports Inspiration and Inventor Productivity	
Authors:	Jean Canil, University of Adelaide Douglas Cumming, Florida Atlantic University **Yudong Liu**, University of Adelaide Chia-Feng (Jeffrey) Yu, Xi'an Jiaotong-Liverpool University	
Discussant:	Prasad Hegde, Auckland University of Technology	
Session: C4	Cryptocurrencies	10:30 - 12:00
Chair:	Yahua Xu, Central University of Finance and Economics	WZ514
Paper:	Time-Series and Cross-Sectional Momentum in the Cryptocurrency Market: A Comprehensive Analysis under Realistic Assumptions	
Authors:	**Chulwoo Han**, Sungkyunkwan University Jaehyun Ryu, Sungkyunkwan University Byungguk Kang, Sungkyunkwan University	
Discussant:	Yahua Xu, Central University of Finance and Economics	
Paper:	Why are cryptocurrencies so Volatile?	
Authors:	**Quoc Khanh Nguyen**, University of Technology Sydney	
Discussant:	Lukas Salcher, University of Liechtenstein Quoc Khanh	
Paper:	Not Too Big, Not Too Small? Towards an Optimal Tick Size	
Authors:	Meiyu Wu, Macquarie University Beihang University, Macquarie University Sean Foley, Macquarie University **Jiri Svec**, University of Sydney	
Discussant:	Anirban Banerjee, Indian Institute of Management Ahmedabad	
Session: S1	PhD student session I	10:30 - 12:00
Chair:	Christina Atanasova, Simon Fraser University	WZ519
Paper:	Proxy Contest, Interlocking Directors and Insider Trading Profitability	
Authors:	**Muhammad Rashed Asger**, University of Queensland	
Discussant:	Qing Wang, Monash University	
Paper:	The Spillover Effects of Management Narratives for Seasoned Equity Issuance Decisions	
Authors:	**Qing Wang**, Monash University	
Discussant:	Qinqin Xia, Macquarie University	
Paper:	Shareholder Participation and Wealth Transfer in Rights Offerings	
Authors:	**Qinqin Xia**, Macquarie University	
Discussant:	Muhammad Rashed Asger, University of Queensland	
12:00 - 12:45	Lunch	WZ Level 3
12:45-14:00	**Keynote: Professor Rossen Valkanov** University of California San Diego **What Drives the Volatility of Professional Stock Return Forecasts? Causal Evidence from Macro Shocks** Consensus professional stock return forecasts are three times more volatile than those of nonprofessionals and econometricians. This volatility stems from professionals' countercyclical responses to macro-shocks, with different shocks each accounting for 20-40% of the variation in forecast differences. We introduce a two-stage procedure to identify the discount rate variation in professional forecasts due to shocks and find it aligns well with realized returns and implications of rational asset pricing models. We conclude that professionals' assessment of the discount rate impact of macro-shocks	WZ416

	distinguishes them from other stock return forecasts and forecasts of macro-variables, which challenges models of expectation formation.	
14:00 - 15:30	Stream D and PhD student session II	
Session: D1	Financial inclusion	14:00 - 15:30
Chair:	Yeejin Jang, University of New South Wales	WZ501
Paper:	Does Borrowers' Cultural Norms Matter in Marketplace Lending? Evidence from Local Confucianism	
Authors:	Jianwen Li, Shandong University Bo Zhang, Shandong University **Le Zhang**, Australian National University Wenrui Zhang, Colorado State University	
Discussant:	Yue Fang, Zhejiang University	
Paper:	The Financial Inclusion Index: Insights and Implications for G20 Countries	
Authors:	**Thomas Tony George**, Pondicherry University Danial Lazar, Pondicherry University	
Discussant:	Yeejin Jang, University of New South Wales	
Paper:	Does FinTech Improve Financial Inclusion? Evidence from Crowdfunded Microfinance Institutions	
Authors:	**Runtong Lin**, University of Hong Kong Tse-Chun Lin, University of Hong Kong	
Discussant:	Thomas Hendry, Griffith University	
Session: D2	Hedging and option pricing	14:00 - 15:30
Chair:	Jose Da Fonseca, Auckland University of Technology	WZ502
Paper:	Commitment is an Act: How Does Management Forecast Affect Corporate Selective Hedging?	
Authors:	Abe de Jong, Monash University **Taoran Guo**, Monash University Lubna Rahman, Monash University	
Discussant:	Junshi Chen, Massey University	
Paper:	Option Pricing under Gram-Charlier Density	
Authors:	**Ruizi Hu**, University of Otago Jin E. Zhang, University of Otago Pakorn Aschakulporn, University of Otago	
Discussant:	Jose Da Fonseca, Auckland University of Technology	
Paper:	Illiquidity Premium and Crypto Option Returns	
Authors:	**Christina Atanasova**, Simon Fraser University Terrel Miao, Simon Fraser University Ignacio Segarra, Simon Fraser University Tony (Tong) Sha, Simon Fraser University	
Discussant:	Ni Yang, Auckland University of Technology	
Session: D3	Information and investor behaviour	14:00 - 15:30
Chair:	Wei Cui, University of Sydney	WZ503
Paper:	Pricing Information: Evidence from Transaction-Level Data in Financial Markets	
Authors:	**Anirban Banerjee**, Indian Institute of Management Ahmedabad Arnab Chakrabarti, FLAME University Anindya S. Chakrabarti, Indian Institute of Management Ahmedabad	
Discussant:	Yiyi Qin, Southwestern University of Finance and Economics	
Paper:	Foreign Investor Feedback Trading in an Emerging Financial Market	
Authors:	**Ingomar Krohn**, Bank of Canada Vladyslav Sushko, Bank for International Settlements	

	Witit Synsatayakul, Bank of Thailand	
Discussant:	Weihan Li, University of Otago	
Paper:	Passive investors, active moves: ETFs IPO participation in China	
Authors:	Haiqiang Chen, Xiamen University Xiaoqun Liu, Hainan University Bo Ni, Xiamen University **Zhuo Zhong**, University of Melbourne	
Discussant:	Wei Cui, University of Sydney	
Session: D4	Private equity and startups	14:00 - 15:30
Chair:	Min Zhu, University of Queensland	WZ514
Paper:	How Resilient are PE/VC Returns to Real Shocks?	
Authors:	**Michelle Xuan Mi**, University of Queensland Rumi Masih, University of Queensland	
Discussant:	Yiming Zhang, Hong Kong University of Science and Technology	
Paper:	The Role of Soft Information in Crowdfunding: Evidence from Crowdsourced Data	
Authors:	Yoram Bachrach, Google DeepMind Omer Lev, Ben-Gurion University of the Negev **Joshua Shemesh**, Monash University	
Discussant:	Min Zhu, University of Queensland	
Paper:	Startup Press Releases	
Authors:	**Huaizhou Li**, University of New South Wales Leo Liu, University of Technology Sydney Peter Pham, University of Sydney Jason Zein, University of New South Wales	
Discussant:	Tianyi Lu, University of New South Wales	
Session: S2	PhD student session II	14:00 - 15:30
Chair:	Madhu Kalimipalli, Wilfrid Laurier University	WZ519
Paper:	Is the Unreal World Real? Corporate Fraud and Investment Credibility	
Authors:	**Xi Xu**, University of Otago Pakorn Aschakulporn, University of Otago Jing A. Zhang, University of Otago	
Discussant	Ricky Ke, University of Technology Sydney	
Paper:	CEO’s Political Contribution and Rewards	
Authors:	**Lei Chen**, University of Melbourne	
Discussant	Xi Xu, University of Otago	
Paper:	The Bright Side of Patron-Client Network: Evidence from Corporate Innovation	
Authors:	**Ricky Ke**, University of Technology Sydney	
Discussant	Lei Chen, University of Melbourne	
15:30 - 16:00	Coffee Break	WZ Level 3
16:00 - 17:30	Stream E and PhD student session III	
Session: E1	Carbon risk and green finance	16:00 - 17:30
Chair:	Ebenezer Effah, City University of Hong Kong	WZ501
Paper:	Market Implications for Industry Greenness Shocks and Climate Information Transfer	
Authors:	Kris Allee, University of Arkansas **Cao Fang**, Northeastern University	
Discussant:	Ebenezer Effah, City University of Hong Kong	
Paper:	Carbon Price Volatility, Carbon Emissions and Investments	
Authors:	**Andre Poyser**, University of Otago	

Discussant:	Ziqian Li, University of Technology Sydney	
Paper:	Do Carbon Emissions Affect IPO Price Formation and Aftermarket Performance?	
Authors:	**Hung-Neng Lai**, National Central University Cheng-Yi Shiu, National Chengchi University	
Discussant:	Han Zhou, Monash University	
Session: E2	Corporate finance and cost of capital	16:00 - 17:30
Chair:	Xingdi Tian, Southwestern University of Finance and Economics	WZ502
Paper:	Unbundling Institutions for Corporations	
Authors:	**Dong Wook Lee**, Korea University Jee-eun Lee, Korea University Lingxia Sun, Sun Yat-sen University	
Discussant:	Youan Wang, Xiamen University	
Paper:	Impact of Additional Equity Capital on Bank Funding Costs: Australian Evidence	
Authors:	**James Cummings**, University of Sydney Linh Nguyen, World Bank	
Discussant:	Xingdi Tian, Southwestern University of Finance and Economics	
Paper:	Testing the Risk-Taking Hypothesis on the Cash Conversion Cycle Anomaly	
Authors:	**Hardjo Koerniadi**, Auckland University of Technology	
Discussant:	Dong Wook Lee, Korea University	
Session: E3	Housing market and finance	16:00 - 17:30
Chair:	Neroli Austin, University of Michigan	WZ503
Paper:	Measuring and Mitigating Racial Disparities in Large Language Model Mortgage Underwriting	
Authors:	Donald E. Bowen III, Lehigh University Luke C.D. Stein, Babson College **S. McKay Price**, Lehigh University Ke Yang, Lehigh University	
Discussant:	Danielle Kent, University of Sydney	
Paper:	Keeping Up with the Blackstones: Institutional Investors and Gentrification	
Authors:	**Neroli Austin**, University of Michigan	
Discussant:	Guodong Chen, New York University Shanghai	
Paper:	The Impact of Assumption Financing on Housing Prices and Supply	
Authors:	Antje Berndt, Australian National University Jiayi Zheng, Australian National University **Min Zhu**, University of Queensland	
Discussant:	Neroli Austin, University of Michigan	
Session: E4	Social media	16:00 - 17:30
Chair:	Jiri Svec, University of Sydney	WZ514
Paper:	Noise or Fundamentals? The Predictive Role of News and Social Media in the Crude Oil Market	
Authors:	Gaoping Ma, Central University of Finance and Economics **Yahua Xu**, Central University of Finance and Economics Z. Ivy Zhou, University of Wollongong	
Discussant:	Chulwoo Han, Sungkyunkwan University	
Paper:	Mind the Gender Gap in Financial Socialization on Social Media: Evidence from Twitter	
Authors:	**Hui Zhou**, University of Auckland, Yan Tian, University of Missouri-St Louis	

Discussant:	Danjue Shang, Utah State University	
Paper:	Social Media Sentiment, Investor Herding and Informational Efficiency	
Authors:	**Ni Yang**, Auckland University of Technology Adrian Fernandez-Perez, University College Dublin Ivan Indriawan, University of Adelaide	
Discussant:	Jiri Svec, University of Sydney	
Session: S3	PhD student session III	16:00 - 17:30
Chair:	Nhut (Nick) Nguyen, Auckland University of Technology	WZ519
Paper:	Political Green or Market Green? Stock Purchase Preferences Among Swiss Retail Investors	
Authors:	**Leonie Engelhardt**, University of Geneva	
Discussant:	Suhee Yun, Singapore Management University	
Paper:	Does Investor Overconfidence Affect a Firm's Corporate Social Responsibility?	
Authors:	**Zan Ye**, University of Queensland	
Discussant:	Leonie Engelhardt, University of Geneva	
Paper:	The Impact of ESG Disasters on Green and Brown Firms	
Authors:	**Suhee Yun**, Singapore Management University	
Discussant:	Zan Ye, University of Queensland	
17:30-18:30	Networking Drinks	WZ Atrium

Day 3	Saturday, 7 December 2024	
9:00 - 11:00	Stream F	
Session: F1	Asset pricing theory	9:00 - 11:00
Chair:	Antje Berndt, Australian National University	WZ501
Paper:	Adaptive Risk Preferences: Unraveling the Impact of Monetary Policy on Output	
Authors:	**Antje Berndt**, Australian National University Jean Helwege, University of California, Riverside	
Discussant:	Danmo Lin, Warwick University	
Paper:	Asset Pricing with Affect Investing, Gambling, and Overconfidence: Theory and Evidence	
Authors:	**Jiang Luo**, Nanyang Technological University Shuoge Qian, Nanyang Technological University Zheng Qiao, Xi'an Jiaotong University Avanidhar Subrahmanyam, University of California, Los Angeles	
Discussant:	Zhuo Zhong, University of Melbourne	
Paper:	How Do Firms Resolve Patent Disputes? Insights from Competitive Dynamics and Market Uncertainty	
Authors:	**Danmo Lin**, Warwick University, Du Liu, East China Normal University, A. Elizabeth Whalley, University of Warwick	
Discussant:	Jiang Luo, Nanyang Technological University	
Paper:	Currency Investing Throughout Recent Centuries	
Authors:	**Joseph S. Chen**, University of California, Davis	
Discussant:	Antje Berndt, Australian National University	
Session: F2	Equity market volatility and liquidity	9:00 - 11:00
Chair:	Stephen Dixon, University of Melbourne	WZ502 & 503
Paper:	The Rare Disaster Concern Index: RIX	
Authors:	**Weihan Li**	

	Jin E. Zhang, University of Otago Xinfeng Ruan, Liverpool University Xi'an-Jiaotong, Liverpool University Pakorn Aschakulporn, University of Otago	
Discussant:	Stephen Dixon, University of Melbourne	
Paper:	ETF and Stock Price Fragility	
Authors:	Beiqi Lin, University of Queensland **Shunji Mei**, University of Adelaide Kelvin Jui Keng Tan, University of Queensland Lei Zhang, City University of Hongkong	
Discussant:	Wanyi Yang, Auckland University of Technology	
Paper:	Rumor and Clarification: Abnormal Volatility in the Chinese Stock Market	
Authors:	**Ziqian Li**, University of Technology Sydney Kathy Walsh, University of Technology Sydney Vitali Alexeev, University of Technology Sydney Ester Felez Vinas, University of Technology Sydney	
Discussant:	Shunji Mei, University of Adelaide	
Paper:	Customer Satisfaction and Stock Crash Risk	
Authors:	John Byong-Tek Lee, University of Auckland Jun Ma, University of Auckland Dimitris Margaritis, University of Auckland **Wanyi Yang**, Auckland University of Technology	
Discussant:	Huaizhou Li, University of New South Wales	
Session: F3	ESG events	9:00 - 11:00
Chair:	Le Zhang, Australian National University	WZ514
Paper:	Navigating ESG Storms: ESG Incidents and Earnings-based Incentives in CEO Compensation	
Authors:	Yu (Flora) Kuang, University of Melbourne Bo Qin, University of Melbourne **Shuying Wu**, University of Melbourne	
Discussant:	Hao Zhang, University of New South Whales	
Paper:	Public Perception, Identification, and Market Impact of ESG Events	
Authors:	**Vladislav Pyzhov**, University of Technology Sydney Kristoffer Glover, University of Technology Sydney Vitali Alexeev, University of Technology Sydney and University of Guelph	
Discussant:	Md Farhan Imtiaz, University of South Australia	
Paper:	Appointing Charity Directors in Response to ESG Incidents Marina Gertsberg, University of Melbourne	
Authors:	Hae Won (Henny) Jung, University of Melbourne **Yuyang Zhang**, University of Melbourne	
Discussant:	Le Zhang, Australian National University	
Paper:	Post-Environmental Incident Drift and Institutional Trades: Who Benefits from Environmental Shocks?	
Authors:	George Aragon, Arizona State University George Wang, Lancaster University Management School Chelsea Yao, Lancaster University Management School **Adina Yelekenova**, Monash University	
Discussant:	Ziwen Peng, Massey University	

Session: F4	**Labour markets**	9:00 - 11:00
Chair:	Hui Zhou, University of Auckland	WZ519
Paper:	Executive Talent Allocation across Family Business Group Affiliates	
Authors:	**Jinzhao Du**, University of New South Wales Ronald Masulis, University of New South Wales Peter Pham, University of Sydney Jason Zein, University of New South Wales	
Discussant:	Taoran Guo, Monash University	
Paper:	Partisanship Implication of Supreme Court Ruling and Stock Market Response	
Authors:	**Danjue Clancey-Shang**, Utah State University	
Discussant:	Hui Zhou, University of Auckland	
Paper:	Do Labor Unions Influence Debt Contracting? Evidence From Private and Public Debt Markets	
Authors:	**Madhu Kalimipalli**, Wilfrid Laurier University Si Li, Wilfrid Laurier University, Olaleye Morohunfolu, Western University, Buvaneshwaran Venugopal, University of Central Florida	
Discussant:	Runtong Lin, University of Hong Kong	
Paper:	Migration and Municipal Bond Pricing: Evidence from China's Household Registration Reform	
Authors:	**Yue Fang**, Zhejiang University Zhenguo Wu, Zhejiang University Bin Yu, Zhejiang University Zilong Zhang, Zhejiang University	
Discussant:	Jinzhao Du, University of New South Wales	
11:00 -11:45	**Best Paper Awards Ceremony and Morning Tea** Wharton University of Pennsylvania wrds Wharton Research Data Services	WZ Atrium
12:30 - 13:30	**Auckland sightseeing (sailing cruise)**	

ABSTRACTS

Online programme with links to full papers is available at https://acfr.aut.ac.nz/conferences-and-events/2024-nzfm.

Session A1 – Asset Pricing

The Pricing of Liquidity Factors

Sanghyun Hong, University of Canterbury
Kee H. Chung, State University of New York

This paper examines the pricing of liquidity factors and the performance of liquidity-augmented factor models. Using the 1963-2023 US stock market data, we construct six liquidity factors based on liquidity costs (LIQ), liquidity commonality risk (COM), return sensitivity to market liquidity (RML), liquidity sensitivity to market return (LMR), liquidity sensitivity to market uncertainty (LMU), and liquidity sensitivity to macroeconomic shocks (LME). Of these factors, LIQ, COM, and LMU capture additional dimensions of risks that the Fama-French factors do not. We show that asset pricing models with a liquidity factor perform better than those with the size factor (SMB).

Selection Neglect and the Cross-Section of Wine Returns

Robbe Van Tillo, KU Leuven
Gertjan Verdickt, University of Auckland

This paper investigates the asset-pricing implications of a violation of the shared information assumption. We turn to the concept of selection neglect, which is the behavioral tendency characterized by decision-making on censored data. Using a dataset of more than 3 million wine transactions, we document negligent investors bear expected utility losses, and more exposed wines exhibit higher future returns. The evidence supports the information uncertainty hypothesis. Investor attention, time-varying preferences, or limits to arbitrage cannot explain these findings. We argue that selection neglect increases the price inefficiencies of infrequently traded assets, such as fine wine.

Global Fund Flows: What They Reveal About Global Factors

Thanh D. Huynh, Monash University
Hieu Quang Nguyen, Macquarie University

Using novel data on global asset managers, this study investigates the asset pricing factors that guide global fund flows. Among the prominent models assessed, the Capital Asset Pricing Model (CAPM) emerges as the most influential in predicting global fund flows. These results are primarily driven by institutional investors, rather than high-net-worth individuals, although all investor types do not seem to use sophisticated benchmarks. The prevalent use of the CAPM leads to correlated demand, which positively predicts stock returns in the short term but reverses in the long term. Our findings suggest that the CAPM remains an important model after all.

Session A2 – Corporate Engagement and Investor Relations

Trade Credit and Implicit Government Guarantee: Evidence from Chinese State-Owned Enterprise Defaults

Xingdi Tian, Southwestern University of Finance and Economics

This paper exploits China's first default of state-owned enterprises to study the implicit government guarantee effect on SOEs' trade credit financing. It finds that SOEs increase trade credit by 2.3% of total liabilities, on average, relative to non-SOEs after the first SOE default in China's bond markets in 2015. The additional reliance on suppliers' credit is more prominent among SOEs with higher information opacity. It is consistent with the literature where trade credit advantage lies in the suppliers' superior information, as they can observe their clients through daily transactions. The current paper also finds that trade credits positively affect SOEs when IGG weakens. Overall, the results suggest that the reduction in IGG significantly affects Chinese firms' financing decisions, highlighting the trade credit advantage against the backdrop of imperfect market institutions.

Say on Corporate Donations: Evidence from the UK

Yerzhan Tokbolat, Queen's University Belfast

This paper conducts a historical analysis of political and charitable donations made by publicly listed firms in the UK since 1967, and it explores the factors influencing shareholder votes on political contributions. Our findings indicate that regulatory measures have tightened for political donations while becoming more relaxed for charitable donations. Despite their low but increasing levels, political donations have shown a positive correlation with firm performance. We argue that the introduction of shareholder voting on political donations was unnecessary. This measure led to a significant reduction in political donations, which subsequently became negatively correlated with performance. It also imposed unnecessary costs and drove donations from public firms to individuals and private entities, thus decreasing transparency. Additionally, we find that shareholder voting is influenced not only by political but also by charitable donations. We propose reversing of the 2014 removal of the requirement for the disclosure of charitable donations and recommend implementing shareholder approval for such donations.

Firm Attention to Retail Investors

Alexandre Jeanneret, University of New South Wales
Tianyi Lu, University of New South Wales
Wenjin Tang, Beihang University

This paper investigates how firms allocate their attention to retail investors, exploiting two novel online interactive platforms in China where listed firms receive and answer to questions. We measure firms attention to retail investors by textual analysis using both the speed and informativeness of the answers' contents. On average, firms incline to provide quicker and more detailed answers to positive questions, and during days when firms experience a surge in total question volume. Besides, growth firms, firms experiencing better stock performance in recent weeks, and those with lower agency conflicts opt to provide more comprehensive answers. At the managerial level, we find that, board secretaries, who are directly responsible for providing answers, exhibit better answering behaviour when they are male and of lower salaries. Overall, our analysis indicates that firms pay close attention to retail investors using their time strategically.

Session A3 – Debt Financing

Credit Relationships and Dynamic Credit Constraints

Jingfeng Zhang, London School of Economics and Political Science

Microeconomic evidence from the U.S. syndicated loan market shows that as a credit relationship strengthens, borrowing is more likely to be based on firm's cash flows rather than physical assets as collateral. I rationalize this in a model with limited commitment and information asymmetry, and heterogeneity in relationship status leads to heterogeneous borrowing constraints. In a credit relationship, access to earnings-based credit is improved over time as a result of a learning mechanism through which a lender continues to learn about borrower's private information through repeated interactions and updates beliefs. This leads to a dynamic borrowing constraint for a firm, with a switch from a collateral-based to an earnings-based constraint along a relationship. Model predicts that loan covenants are more likely to be used as relationship matures, and for firms with less initial pledgeable assets, consistent with empirical findings.

Antitakeover Provisions and Debt Maturity Structure

Lorenzo Casavecchia, University of Technology Sydney
Hardy Hulley, University of Technology Sydney
Shu Yang, University of Technology Sydney

Using comprehensive samples of dual-class and staggered board firms spanning the period 2000 2019, we examine the impact of dual-class shares and staggered boards on the ma- turity structure of corporate debt. We observe that dual-class firms maintain higher levels of debt than single-class firms, while staggered board firms maintain lower levels of debt than unitary board firms. With respect to debt maturity, we document a greater propensity among dual-class firms to fund themselves with shorter maturity debt, while staggered board firms show a preference for longer maturity debt. However, the picture changes when we examine research-intensive firms. The preference for shorter-term debt is less pronounced in dual-class firms with high R&D intensities, while staggered board firms exhibit a reduction in debt maturities as R&D increases. The former effect may be explained by a maturity matching argument, while the latter effect may be due to the impact of R&D on infor- mation asymmetry. Overall, our results show that different antitakeover provisions have distinctively different implications for corporate debt maturities.

Can Trust Enhance Credit Rating Accuracy?
Yu Su, Monash University

This study investigates the role of trust on credit rating accuracy. Utilizing data from 10,955 issuances by 929 firms in the U.S. primary bond market from 2000 to 2023, we show robust evidence that a higher trust from the rating analyst to the CEO is associated with a more accurate rating, suggesting that trust allows rating analysts to extract valuable content from noisy information released by the CEO. Furthermore, we find that rating analysts trust in the CEO enhances rating accuracy when managerial information quality is high, analysts are experienced, and external information is limited. In addition, we show that trust becomes particularly valuable when analysts and CEOs are geographically distant, mitigating communication barriers.

Session A4 – Personal Finance

Consumption out of Investment Proceeds under Limited Attention
Guodong Chen, New York University Shanghai
Yiqing Lv, New York University Shanghai
Xiaomeng Lu, Fudan University
Michaela Pagel, Washington University in St. Louis

This paper studies how individual attention to investments affects consumption out of investment gains. We leverage granular account-level data of 200,000 active investors from a leading mobile payment platform. The platform connects mutual fund investments with expenditure records of investors. We find that investments that attract more attention elicit a greater consumption response. We first show that the marginal propensity to consume (MPC) out of capital gains is larger for more recent investments and better-performing ones. This heterogeneity in MPCs across investments suggests that selective attention may render money non-fungible for investors. We then exploit two quasi-experiments that introduce exogenous variations in what funds are displayed. First, the platforms default setting presents the fund that was most recently acquired by investors at the top of their fund holding page. Additionally, mutual funds from the same fund company as the recently invested fund, even if the former were acquired a long time ago, will be grouped together with the recently invested fund in a single block. We show that investors consumption response is stronger to investment proceeds of the funds that were from the same fund company as the recently invested fund than funds that were not. Second, we exploit a change in the display setting on the platform that allowed investors to sort their portfolio funds based on holding period performance. We find that after the change, the difference in consumption response to gains from top-performing funds relative to worse-performing funds is more pronounced.

Present Bias, Self-Control, and Financial Fragility
Thomas Hendry, Griffith University

Present bias is largely attributed to impulsivity and self-control issues. In this study, we empirically examine the relationship between present bias and financial fragility based on the short-term savings of households. Prior observational studies measure present bias using a double-barrelled question based on impulsivity and overspending. We construct and decompose a similar measure and show that impulsivity is not related to short-term saving in households. We report similar findings for a psychometrically validated self-control instrument. These results are robust to alternative measures of financial fragility and econometric models and indicate that self-control and impulsivity do not explain short-term saving and financial fragility in households.

The Power of Personal Control in Financial Decisions Under Risk
Danielle Kent, University of Sydney

This study provides evidence from three different sources, a randomized controlled incentivized experiment, a natural field experiment and a large-scale longitudinal survey, that people make riskier financial decisions after experiencing helplessness. I propose a new model based on choice theory to incorporate biological mechanisms that explain the power of personal control in decisions under risk. The model does not require a probably weighting function and has the advantage of being cardinal, continuous and bounded, making it highly adaptable and generally applicable. An incentivized experiment involving 273 subjects shows that inducing helplessness using a validated induction causes significantly higher risky investment compared to the control group. Results from the experiment are robust controlling for baseline risk preferences, wealth effects, bounded rationality and gender. Three independent sources of evidence verify that a loss of personal control is a powerful determinant of financial decisions under risk.

Inherited Culture and Corporate Innovation

Jianlei Han, Macquarie University
Xiaona Ji, Macquarie University
Zheyao Pan, Macquarie University

We use the cultural measure derived from folklore to study its economic outcomes. Specifically, we use the risk-taking propensity of CEOs, derived from the folklore of their ancestral societies to study how culture influences corporate innovation. Our study examines CEOs of listed companies in the United States, inferring their cultural heritage based on their last names. We present robust evidence that firms led by CEOs with higher levels of folklore based risk-taking achieve better innovation performance and develop more breakthrough innovations. Furthermore, the impact of a CEOs folklore-based risk-taking propensity is amplified when the company faces intense creative destruction pressures and heightened product market competition. We also find that CEOs enhance innovation by improving efficiency rather than increasing R&D investment. Our findings provide empirical evidence for the practical value of folklore as a cultural measure, highlighting its importance in understanding economic outcomes.

CEO Overconfidence, Corporate Digitalization, and Inventory Management

Qingjie Du, University of Birmingham
Jing-Ming (Thomas) Kuo, University of Birmingham
Yiyuan Xu, University of Birmingham

This paper studies how CEO overconfidence could affect corporate inventory management, i.e., inventory leanness. Using a Chinese sample from 2010 to 2022, we find that firms with more overconfident CEOs have lower inventory and higher inventory leanness. We further document that high corporate digitalization could curtail the impact of CEOs€™ personal traits on corporate management, suggesting that corporate digitalization acts as a new form of corporate governance mechanism. This corporate governance role of corporate digitalization becomes stronger when the firm is non-state-owned or has lower leverage, when CEOs have lower educational qualifications or less financial experience, and when the firm has higher governance quality. Overall, the findings suggest that the executives personal characteristics will also affect corporate daily operations and adopting more technologies helps to constrain the impact of executives personal traits on business operations.

The Effect of CEO Climate Awareness on Corporate Emissions

Yuyang Zhang, University of Melbourne

This paper investigates the impact of CEOs personal climate awareness on corporate greenhouse gas emissions, and the role of information in forming such awareness. Climate awareness of CEOs is measured by their experience of extreme weather during their impressionable years in combination with the availability of climate change information at the time. I find that high climate awareness of CEOs is associated with lower carbon intensity of their firms. The translation from extreme weather experience to climate awareness is facilitated by knowledge about climate change, thus, the emission reduction effect is driven by extreme weather experience gained after the science of climate change was introduced to the public. CEOs who were likely to encounter misinformation during their impressionable years tend to misinterpret their experience, such as regarding severe winter weather as counter-evidence for climate change, and generally overlooking extreme weather that is not directly related to rising temperatures. Evidence from plausibly exogenous CEO turnover events supports the emission reduction effect of CEO climate awareness to be causal. This study presents CEO personal climate awareness as a determinant of corporate emission policies and shows that such awareness can be induced by a combination of extreme weather experience and climate change information. Adding to the literature about managers personal experience, this study emphasizes the mediating role of information in translating experience into behaviours, highlighting that ones interpretation of her experience is as important as the experience itself.

Is ESG a managerial Style?

Tianyu Cai, Shanghai International Studies University
Leo Liu, University of Technology Sydney
Jason Zein, University of New South Wales
Hao Zhang, University of New South Wales

Utilizing a CEO fixed-effects approach, we find that innate managerial characteristics explain a substantial portion of the firm-level variation in ESG outcomes. We show that a CEOs work experience at a not-for-profit (NFP) organization is

strongly correlated with these fixed effects and is associated with superior ESG performance. We document that one-in-three S&P1500 companies are now led by CEOs with NFP experience, representing a four-fold increase over the last two decades. Our results suggest that experience in serving the interests of a broader group of stakeholders better equips CEOs to achieve corporate ESG objectives.

Session B2 – Climate Policies and Disclosure

Going Green or Greenwashing? Evidence From a Quasi-Natural Experiment of Chinese Air Quality Monitoring Network

Ziwen Peng, Massey University
Hamish Anderson, Massey University
Jing Chi, Massey University
Jing Liao, Massey University

This study investigates the impact of the National Ambient Air Quality Monitoring Network (NAAQMN) on corporate greenwashing behaviour, focusing on Chinese A-share companies from 2009 to 2020. Utilizing a staggered Difference-in-Differences model, we find that the NAAQMN significantly increases greenwashing among firms in a short-run, as the monitoring function and enforcement were limited. Notably, from a geographic distance perspective, firms located farther from monitoring stations are more likely to engage in greenwashing due to reduced deterrence. We find that firms facing high financial constraints, operating in highly competitive markets, and managed by younger executives are particularly prone to greenwashing. The evidence also reveals that high public environmental concern and corporate digital transformation can mitigate firms greenwashing by enhancing scrutiny and information transparency. This research underscores the need for improved monitoring technologies and public awareness to promote genuine sustainability efforts. These findings contribute to an understanding of the complex interplay among environmental policy, monitoring functions, public attentions and business strategic responses.

The Unseen Cost of Green Policies: The Impact of Environmental Regulation on Workplace Safety

Ebenezer Effah, City University of Hong Kong
Yaxuan Qi, City University of Hong Kong
Rengong Zhang, City University of Hong Kong

Leveraging three regulatory changes as quasi-natural experiments and employing difference-in-differences models, we present consistent evidence that stricter environmental regulations lead to an increase in safety infractions. Further investigation reveals that this effect is largely attributable to operational adjustments required for compliance with environmental mandates and the associated resource reallocation, providing insights into the interaction between operational change and financial constraints. Specifically, financially constrained firms, which undergo operational changes following the implementation of environmental regulations, experience more safety violations. Conversely, firms with ample financial resources, such as large and publicly listed companies, manage to navigate these operational changes without compromising safety. Additionally, the relative attention that stakeholders place on environmental versus social concerns influences the impact of environmental regulation on workplace safety. Our findings highlight a critical, albeit unintended, consequence of climate policies and underscore the inherent tension between the environmental and social components of ESG.

Soft Law, Hard Results: The Impact of Government Climate Action Plans on Investor Attention

Chee Seng Cheong, University of Adelaide
George Mihaylov, University of Adelaide
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We investigate how soft laws influence investor attention. Our analyses focus on the staggered adoption of state-level Climate Action Plans (CAPs) and the extent to which the introduction of CAPs draws the attention of investors to affected firms. Our results show a positive association firms headquartered in states that adopt a CAP receive increased attention from investors. We identify voluntary disclosures as a key mechanism underpinning this result, with impacted firms making significantly more voluntary disclosures related to climate risk and associated corporate policies post state CAP adoption. Cross-sectional analyses demonstrate that this relationship is stronger for firms in manufacturing sectors and for highly visibility firms. Our findings indicate that firms take climate-related soft laws seriously and that this attitude translates to increased attention from investors, underscoring the value of non-legislative policy mechanisms for policymakers and other stakeholders.

Globalization, ESG Investing and Emerging Market Cost of Capital

Adrien Alvero, Balyasny Asset Management
Renxuan Wang, China Europe International Business School
Zheyang Zhu, Cornell University

We examine the interaction between ESG investing and globalization in shaping capital markets in emerging markets (EMs). Using a proprietary dataset, our analysis reveals a significant positive relationship between global capital flows and changes in the price premium for green firms in local EM corporate bond markets. To identify the driving force behind this relationship, we analyze dual-traded bonds of the same firm in Chinas onshore and offshore bond markets, using the liberalization of the onshore market the largest in the EM as a quasi-experiment. Our findings suggest that global investors ESG preferences travel across boarders into EMs, significantly influencing local cost of capital distribution along the ESG dimension. Additionally, we present evidence that the impact of these preferences is amplified by local investors inelastic demand. Overall, our study underscores the interdependence between ESG investing and globalization, emphasizing the need to evaluate their effects jointly.

Session B3 – Corporate Risks

Predicting CDS Spreads and Stock Returns with Weather Risk: A Study Utilizing NLP/LLM and AI Measures

Yi Zhou, San Francisco State University

Drawing from a comprehensive and unique dataset encompassing both quantitative and qualitative weather risk measures, the study finds that both numerical and textual representations of weather risk can predict future credit risk, expected stock returns, and firm fundamentals. To explore the textual dimension of weather risk, this paper utilizes advanced natural language processing (NLP) techniques, including Term Frequency-Inverse Document Frequency (TF-IDF), Word2Vec, and leverages Large Language Model (LLM) such as BERT (Bidirectional Encoder Representations from Transformers). To conduct the empirical analysis, this study utilizes Artificial Intelligence (AI) using TensorFlow/Keras, Deep Learning (DL), and Machine Learning (ML).

Mind the Cost of Disturbance: Firm-level Supply Chain Risk and the Bank Loan Cost

Daxuan Cheng, Macquarie University
Yin Liao, Macquarie University
Zheyao Pan, Macquarie University
Lei Gao, George Manson University

We investigate how the credit market evaluates firm-level supply chain risk. We reveal that supply chain risk is associated with unfavorable loan condition changes, including a significant increase in the loan interest spread and collateralization requirement. The relationship with loan spread is more significant when global supply chain pressure or geopolitical risk is high. We further find that the influence of such risk on borrower firms can be delivered from their supply chain stakeholders, especially suppliers. Additionally, we observe that the relationship with bank creditors decreases by amount but not length after the supply chain risk information is renewed at a higher level. Overall, our results show that bank creditors learn from borrowers earnings call about this risk exposure information and treat it as an unfavourable factor by incorporating it in the loan contracts, which emphasizes the importance of supply chain risk management.

Geopolitical Risk and Global Systemically Important Banks' Default Risk: Evidence from CDS Spread

Chandrasekhar Krishnamurti, University of South Australia
Hao Zhou, University of South Australia
Md Farhan Imtiaz, University of South Australia
Simon Cottrell, University of South Australia

Our study explores whether geopolitical risk influences the default risk of Global Systemically Important Banks (G-SIBs) differently from non-G-SIBs, using credit default swap (CDS) spreads as our primary measure of default risk. Our sample of non-G-SIBs is composed of the largest banks which are in the same country as the G-SIBs but are not classified as being systemically important. We find that a global geopolitical risk measure notably escalates the default risk of banks, but the effects are in different directions for G-SIBs and non-G-SIBs. Geopolitical risk has a negative correlation with CDS spreads for G-SIBs, but a positive one for non-G-SIBs. We find that G-SIB status reduces the CDS spreads by 14.4%, to 16.2%, relative to the non-G-SIBs in the presence of geopolitical risk. Our findings hold true even when we use an

alternate measure of default risk. When we look deeper into the elements of geopolitical risk, we observe that geopolitical threats significantly reduce CDS spreads for G-SIBs, whereas acts increase them for both types of banks, with a more pronounced impact on non-G-SIBs. Interestingly, after employing a difference-in-difference estimation, we find that G-SIBs consistently exhibit lower CDS spreads as compared to non-G-SIBs. This could reflect the impact of an implicit government guarantee for G-SIBs, which raises the moral hazard concern.

Global Insolvency and Cross-border Capital Flows

Jenny Ji Hyun Tak, University of New South Wales
Yeejin Jang, University of New South Wales
Wei Wang, Queen's University

Poor court coordination across bankruptcy jurisdictions creates uncertainty in the protection of debtors' value and creditor recoveries. In this paper, we assess how such global judicial inefficiency impedes cross-border capital flows. Exploiting the introduction of Chapter 15 to the U.S. Bankruptcy Code in 2005, which facilitates coordination between the U.S. and foreign courts for multinational bankruptcy proceedings, we find that foreign firms in countries with greater utilization of Chapter 15 acquired 35% more U.S. targets after the law enactment. Consistent with the reduction in global insolvency costs, the effect is more pronounced for firms with higher default risks. Chapter 15 adoption also results in greater debt capacity of foreign firms, especially from U.S. lenders, and trade credit. Using the staggered adoptions of global bankruptcy laws in 17 countries, we find an increase in cross-border M&As following the adoptions. Overall, our results suggest that mitigating frictions arising from global insolvency proceedings can be an important driver for cross-border capital flows and the growth of multinational firms.

Session B4 – Fund Management

Mutual Funds in the Age of AI

Yiming Zhang, Hong Kong University of Science and Technology

This paper studies the impact of AI technology on the mutual fund industry. I develop a new measure of AI adoption based on hiring practices and find that this measure can predict fund performance. The funds with high AI ratio outperform non-AI funds, after controlling for standard factors and fund characteristics. Further empirical evidence shows that funds with a high AI ratio tilt their portfolios toward high information intensity stocks, indicating that mutual funds benefit from AI technology adoption by improving their information capacity. Finally, I find that AI technology adoption has a negligible effect on fund manager turnover.

State-owned Capital Shareholding and Mutual Fund Responsible Investment: Evidence from Chinese Fund Management Companies

Zhuang Zhuang, University of Sydney
Zhejiang Gongshang University, University of Sydney
Wei Cui, University of Sydney

This study investigates the relationship between state-owned capital (SOC) shareholding and mutual fund corporate social responsible (CSR) performance in Chinese fund management companies (FMCs). We find that SOC shareholding alone doesn't lead to better CSR performance. Instead, this relationship reversed from significantly negative to significantly positive following the implementation of a government policy that promotes CSR among SOC entities. In addition, retail investors display a certain level of resistance to the CSR undertaking of their investee funds while such resistance is absent in institutional investor-dominated funds. Within the unique contractual fund structure in China, where investors and shareholders are separate interest groups, we show that changes in the CSR preferences of the controlling shareholders of FMCs influence the investment strategies of their affiliated funds. Our study highlights the domineering role of the government as an attitude-forming force through its control of SOC since the attitudes of SOC towards CSR are not intrinsically motivated but rather externally imposed.

How Do Mutual Funds Respond to Salient Pollution Events?
H. Ozlem Dursun-de Neef, Monash University
Han Zhou, Monash University
Daniel Chai, Jin Zhang, Royal Melbourne Institute of Technology

We examine how salient chemical spills affect fund managers investment decisions and portfolio allocations. By analyzing 36 chemical spill incidents from 2000 to 2019, we find that funds based in the same designated market area as the spill increase their investments in high-ESG stocks. They adjust their portfolios by reallocating existing investments from low-to high-ESG stocks rather than purchasing new stocks. The actions of fund managers are linked to local political inclination, public environmental awareness, and a desire to enhance their funds social reputation. Moreover, funds in the affected areas outperform other funds after chemical spills and improve the environmental scores of the firms in their portfolios over the following two years.

Vanity in Teams
Daniel Dorn, University of Sydney
Pramod Kumar Yadav, University of Sydney

We hypothesize that vanity amplifies realization utility in teams; admitting mistakes is particularly painful when mistakes have to be admitted to self and colleagues. Consistent with the Vanity hypothesis, U.S. stock funds run by teams hold on to losers when losers were initiated by a subset of the team (to avoid admitting a mistake to their non-initiating colleagues), when initiators of loser positions are more experienced (to avoid losing authority by admitting mistakes to junior colleagues), and when all colleagues agree that a position is a loser. Vanity is costly – losers held underperform by a risk-adjusted 1% annually.

Session B5 – Stock Return Predictability

Star Firms, Information Externalities, and Predictability
Alok Kumar, Vidhi, University of Miami
Chhaochharia, University of Miami
Ville Rantala, University of Miami
Mehrshad Motahari, University of London

We study information externalities generated by industry-specific star firms. Changes in stars relative earnings growth predict future earnings growth, consensus earnings surprises, and job postings of same industry nonstar firms. We also find that stars earnings performance changes predict GDP and employment growth at the industry level, and earnings predictability is stronger in less competitive industries. These information externalities are not fully reflected in stock prices, which generates predictability in returns. A Long-Short industry portfolio strategy based on earnings growth of star firms earns an annualized six-factor alpha of 8.64%. These findings provide valuation-based evidence of economic importance of star firms.

How does Convolutional Neural Network (CNN) Predict Stock Returns?
Qi Zeng, University of Melbourne
Stephen Dixon, University of Melbourne

We interpret the image-based asset pricing factors produced with convolutional neural network (CNN) by proposing a methodology through which the aggregate pattern learned by vision models can be visualized in a heat map. We show and quantify the CNN captured price and volume paths, including the level, the slope, the curvature, and, most importantly, the last day change in the difference between close price and high-low average. Four simple geometric measures can explain 31\% (24\%) of variation in predicted probability of positive weekly (monthly) returns, and 73\% (48\%) of variation in weekly (monthly) CNN returns. We further hypothesize and confirm that the machine can identify time series persistence and reversal patterns. Separating them enables the formation of long-short portfolios with better performances than does the existing CNN factor.

Inflation Concerns and Stock Market Returns

Xiaopeng Wei, University of Adelaide
Xinfeng Ruan, Xi'an Jiaotong-Liverpool University, China

This study introduces a novel measure of inflation concerns, derived from media coverage and Internet searches by households on inflation-related topics. We document that inflation concerns negatively predict future aggregate stock market returns. This predictive effect surpasses that of conventional inflation risk proxies in the short term and remains robust over longer horizons, when considering conventional measures. The predictive effect of inflation concerns is complementary to that of conventional inflation risk measures: integrating inflation concerns with conventional measures significantly enhances the explanatory power of the predictive regressions. We further demonstrate that the predictive ability of inflation concerns on stock returns can be explained by their capacity to forecast future macroeconomic conditions.

Lost in Translation: How Predictability Turns into Performance

Michael Hanke, University of Liechtenstein
Lukas Salcher, University of Liechtenstein
Michael Hanke, University of Liechtenstein

This paper investigates the impact of return predictability on portfolio performance using mean-variance optimization and various timing strategies. Our approach captures predictability and performs well in conventional timing exercises, showing how predictability leads to substantial improvements in Sharpe ratios. However, for MVO, the relationship between predictability and performance is more complex. While higher predictability leads to increased mean returns, it also introduces significant volatility and dispersion in predicted values, resulting in extreme weights and poor risk-adjusted performance. These counter-intuitive results suggests that mean-variance optimization, may not always yield superior risk-adjusted returns when predictability is increased hinting at a nuanced relationship between predictability and performance in portfolio optimization.

Session C1 - Commodities

In the Heat of The Moment, Secrets Will Out: Oil Price Uncertainty and Firm Green Innovation Disclosure

Kai Huang, Massey University
Jing Chi, Massey University
Jing Liao, Massey University
Mui Kuen Yuen, Massey University

This study investigates the relationship between oil price uncertainty and the behavior of corporate green innovation disclosure. Based on textual analysis of the annual reports and social responsibility reports of Chinese listed companies, we construct an indicator for corporate green innovation disclosure. Our results indicate a significant positive relationship between oil price volatility and the level of green innovation disclosure. This relationship remains robust after conducting stringent tests for robustness and addressing potential endogeneity issues. Further analysis reveals that this positive association is more pronounced in firms with high levels of CSR performance; firms with strong political connections; and those with heightened legitimacy demands. Our findings contribute new evidence to corporate sustainable development, demonstrating that energy uncertainty significantly influences information transparency in green innovation.

Present Value, Commodity Prices and Exchange Rates

Maxym Chaban, University of Saskatchewan

Both real exchange rates and real commodity prices are forward looking and reflect information about future economic conditions. This paper applies the present value approach to decompose contributions about future inflation, interest rate, or their differentials, and excess returns to both variables and to analyze the degree of their co-movement. It is found that some currencies are correlated with commodity prices mostly through expectations about future risk premiums and convenience yields. This is a novel explanation of the link between commodity prices and exchange rates, which is traditionally explained by terms-of-trade or inetreset rate differentials in the existing literature. The paper estimates a dynamic factor model applied jointly to 10 commodity prices and 7 exchange rates excess returns and recovers a common factor that explains the substantial co-movement among them.

Commodity Futures Characteristics and Asset Pricing Models
Yiyi Qin, Southwestern University of Finance and Economics
Jun Cai, City University of Hong Kong
Jie Zhu, Shanghai University
Robert Webb, University of Virginia

A latent-factor model based on the Instrumented Principal Component Analysis (IPCA) methodology of Kelly et al. (2019) outperforms existing factor models in explaining cross-sectional variations in commodity futures returns. The model allows for observed commodity futures characteristics to work as instruments for unobservable dynamic factor loadings. We find that the relationship between characteristics and commodity futures returns is driven by compensation for exposure to latent risk factors (beta) rather than compensation for exposure to mispricing (alpha). Three latent factors deliver more powerful explanations than any number of observable factors. Among a collection of twenty characteristics, only three are significantly related to latent factor betas. These three characteristics are momentum, expected shortfall, and idiosyncratic volatility.

Session C2 - Corporate Communication and Disclosures

Accounting Disclosures and Stock Price Efficiency: Evidence from Mandatory IFRS Adoption
Karel Hrazdil, Simon Fraser University
Yan Li, Trent University

We investigate whether adopting a uniform set of accounting standards impacts stock price efficiency. Using mandatory adoption of International Financial Reporting Standards (IFRS) as an exogenous shock to the accounting information disclosure environment and employing a difference-in-difference research design, we find that the extent to which stock prices deviate from their fundamental values decrease significantly following the adoption of IFRS. In cross-sectional tests, we observe that the impact of IFRS adoption on stock price efficiency is more pronounced in countries with lower accounting quality prior to IFRS adoption and in those with substantial differences between their country-specific Generally Accepted Accounting Principles (GAAP) and IFRS. Overall, our study contributes to the debate on the market efficiency consequences of accounting disclosure within the context of stock markets as a Keynesian beauty contest, where public information is argued to play a commonality role, biasing stock prices away from a consensus fundamental value. Our findings support the view that accounting disclosure enhances stock price efficiency, and that transparency should not be compromised on the grounds of the Keynesian beauty effect.

Corporate Communications with Government Executive Officials: Evidence from the STOCK Act
Youan Wang, Xiamen University
Zhige Yu, Xiamen University

This study investigates how firms respond to restricted access to government information. Specifically, the Stop Trading on Congressional Knowledge (STOCK) Act, which limits the stock trading activities of government officials (hereafter referred to as politicians), reduces the willingness of politicians from federal executive branches to engage with firms. Utilizing this exogenous disruption in private communication, we employ a difference-in-differences approach to demonstrate that firms with significant government customers decrease the frequency of management forecasts more than other firms due to the STOCK Act. This reduction is more pronounced for firms where government sales are crucial to their performance and for those that serve as suppliers and government contractors. Further, the positive impact of the STOCK Act on voluntary disclosures is more significant for firms that ex-ante rely heavily on direct political engagements, as indicated by their discussions of political risk and political contributions, and for those expecting government support, as evidenced by higher competition levels within their industry. Conversely, the STOCK Act does not significantly affect the non-financial disclosures of these firms. Finally, consistent with findings on executive branch officers, our results indicate that congressmen are also involved in corporate communications and are effectively regulated on information exchange by the STOCK Act. Overall, these results justify the powerful supervisory impact of the STOCK Act on the U.S. government and capital market and help to facilitate a new U.S. government information disclosure policy for a fairer investment environment.

Endogenous Corporate Disclosure During the COVID-19 Lockdown
Yeejin Jang, University of New South Wales
Taehyun Kim, Chung-Ang University
Jongsub Lee, Seoul National University

Amid state-level COVID-19 lockdowns, we compare firms filing financial statements during the lockdown (treated) to those reporting just before the lockdown (control). Lockdowns significantly constrained social mobility and the sharing of soft information between managers and investors. In response, treated firms disclosed more accounting details, especially those requiring external funding or involving hard-to-value assets and substantial trade credits. Larger firms with extensive institutional ownership and broad auditor coverage exhibited fewer such tendencies. Increasing hard information improved earnings forecasts and curtailed external funding costs. Our findings suggest a shift from soft to hard information sharing during economic uncertainty, which helps alleviate the information asymmetry between corporate insiders and outsiders.

Session C3 - Corporate Innovation

Managerial Myopia and Firm Innovation and Moderating Effects of the Government and Corporate Governance: Evidence from China
Junchang Pan, Nanjing Agricultural University, Massey University
Junshi Chen, Massey University
Jing Chi, Massey University

Employing textual analysis of "short-term vision" vocabulary in annual reports, we investigate the impact of managerial myopia on firm innovation and performance. We discover managerial myopia hampers innovation, and this is confirmed after robustness checks. Managerial myopia also weakens the positive impact of innovation on firm growth, and value in the long run. We find that state ownership and good corporate governance mitigate the negative impact of managerial myopia. The evidence supports the upper echelon theory and time orientation theoretical frameworks. This paper enriches the research on the influencing factors of corporate innovation, by providing evidence that people's perception of time affects decision making and provides support for government ownership and good corporate governance practices in minimizing the negative effects of managerial myopia.

Distance Makes a Difference: Customer Geographic Proximity and Suppliers' R&D Investment Intensity, Do Common Institutional Investors Play a Role?
Bowen Wang, Massey University
Jing Liao, Massey University
Jing Chi, Massey University

This study investigates whether and how customer geographic proximity affects innovation in supplier firms. By addressing customer concentration from the customer geographic distance aspect, we find that the geographic distance between a supplier and its main customers is negatively associated with supplier firms R&D investment. Further analysis reveals that common institutional owners can effectively promote R&D investment due to their coordination function, eventually reaching a win-win situation within the supply chain. Interestingly, we find that customer geographic clustering, a dynamic setting of supplier-customer geographic proximity, positively moderates the relationship between customer geographic distance and supplier innovation investment.

Sports Inspiration and Inventor Productivity
Jean Canil, University of Adelaide
Douglas Cumming, Florida Atlantic University
Yudong Liu, University of Adelaide
Chia-Feng (Jeffrey) Yu, Xi'an Jiaotong-Liverpool University

This study examines whether sports inspiration influences inventor productivity. We find that long-waited championship of local teams in major U.S. professional sports promotes greater patent volume from local inventors, with heightened forward citations and economic value generated. The effects are more pronounced for non-superstar inventors and underdog victories. Further analysis indicates that inventors pursuing more exploratory innovation strategy and the improvement in the average patent quality are potential mechanisms through which sports inspiration affects inventor productivity. Our results suggest that sports victories can inspire and motivate inventors, leading to increased productivity and impactful innovations. This research provides novel empirical evidence on the nuanced relationship between sports

and inventor creativity, highlights non-monetary drivers of inventor productivity, and quantifies the real economic impacts of sports inspiration.

Session C4 - Cryptocurrencies

Time-Series and Cross-Sectional Momentum in the Cryptocurrency Market: A Comprehensive Analysis under Realistic Assumptions

Chulwoo Han, Sungkyunkwan University
Jaehyun Ryu, Sungkyunkwan University
Byungguk Kang, Sungkyunkwan University

Prior studies on cryptocurrency momentum ignore important real-world considerations and inadequately assess its performance. We analyze time-series and cross-sectional momentum addressing these issues. When appropriately assessed, e.g., accounting for transaction costs and daily price fluctuations, many momentum portfolios are liquidated and many with statistically significant returns earn insignificant profits. The t-test of the mean return is insufficient to test profitability. Evidence of time-series momentum is strong, whereas evidence of cross-sectional momentum is weak. The momentum effect is concentrated among winners. Losers often rebound and inflict significant losses. Overreaction is a likely cause of momentum, but what drives overreaction is unclear.

Why are cryptocurrencies so Volatile?

Quoc Khanh Nguyen, University of Technology Sydney

Cryptocurrencies are five times more volatile than stocks why? We shed light on this issue by applying a variance decomposition that separates noise and different forms of information in returns. We find that noise plays the dominant role in the price variance, accounting for 40%. The remaining variance is distributed across different types of information: market-wide information contributes 20%, private information accounts for 19%, and public information makes up approximately 21%. Noise share in cryptocurrencies is much higher than in traditional assets, including stocks (21%), currency (18%), and commodities (15%), yet lower than non-fungible tokens (47%) and the less regulated market such as in-game items (63%). We find that the high noise in cryptocurrencies is related to the high participation of retail investors, who are influenced by media and are prone to behaviors like FOMO and HODL. However, we also show that the fundamental information about cryptocurrencies does not improve the market quality. These results suggest that cryptocurrencies are still immature, relatively informationally inefficient, and face larger systemic considerations than unique asset-specific issues.

Not Too Big, Not Too Small? Towards an Optimal Tick Size

Meiyu Wu, Macquarie University
Beihang University, Macquarie University
Sean Foley, Macquarie University
Jiri Svec, University of Sydney

Emerging theoretical literature identifies various channels through which tick size changes impact market quality, suggesting that optimal tick sizes balance excessive undercutting with long queues. We test these propositions empirically by simultaneously observing both increases and decreases in tick sizes for cryptocurrencies on the same exchange, while controlling for trading of these assets on competing venues. We show that spread-constrained assets exhibit the most significant changes in market quality, with the largest increases (decreases) in spread and depth when tick sizes are raised (reduced). These assets also experience the most order flow migration, moving away from (towards) the trading venue with tick size increases (decreases). This suggests that mechanical and layering channels dominate within exchanges, while the migration channel also matters across different exchanges. Unconstrained assets do not generally show significant changes in market quality, indicating undercutting is a weaker transmission channel. Beneficial tick size changes are more pronounced on dominant exchanges, while detrimental changes are more evident on fragmented exchanges.

Session S1 – PHD Student Session I

Proxy Contest, Interlocking Directors and Insider Trading Profitability

Muhammad Rashed Asger, University of Queensland

We empirically examine whether and how proxy contests affect insider trading profitability in interlocked firms after directors face proxy contests in the target firms. After facing proxy contests, directors face a significant decline in directorships in both target and non-target firms. Using a sample of U.S. companies from 1998-2020, we show the disciplinary effects of proxy contests in interlocked firms. In a difference-in-differences setting, we find that insider trading profitability decreases in the interlocked firms following proxy contests as directors enhance monitoring and improve governance to avoid facing future proxy contests. We conduct a range of robustness tests to confirm that our baseline results remain qualitatively unchanged. Our cross-sectional analyses further show that the reduction in insider trading profitability is due to less information asymmetry, better readability of corporate disclosures, and improved governance mechanisms. Overall, the results display the importance of career concerns for directors in policy spillovers across interlocked firms.

The Spillover Effects of Management Narratives for Seasoned Equity Issuance Decisions

Qing Wang, Monash University

This paper examines the influence of peers Management Discussion and Analysis (MD&A) narratives on firms seasoned equity issuance activities. Firms are more likely to issue seasoned equity when the MD&A tone of their peers becomes more positive. This spillover effect is more pronounced for firms that face greater product market competition and that operate in worse information environments. Firms are more sensitive to leader peers and current and new peers. This spillover effect is driven by the numerical sentences. Equity issuers are more likely to use proceeds for R&D investment, and they have a lower post-issuance return when peers increase their positive tone before the issuance.

Shareholder Participation and Wealth Transfer in Rights Offerings

Qinqin Xia, Macquarie University

Since 2009, Australian firms have conducted over 3,500 rights offerings, providing a substantial dataset for analyzing shareholder participation and associated wealth transfers. Our study reveals that the average shareholder participation is 45%, with higher rates observed in underwritten offers, renounceable offers, smaller offer sizes, and offers without attached options. Non-participation by shareholders results in significant wealth transfers, averaging 26% of the stated funds, particularly pronounced in offerings with greater discounts. Surprisingly, the stock market reacts positively to these larger wealth transfers. This positive market reaction helps explain the prevalence of rights issues in Australia.

Session D1 - Financial Inclusion

Does Borrowers' Cultural Norms Matter in Marketplace Lending? Evidence from Local Confucianism

Jianwen Li, Shandong University
Bo Zhang, Shandong University
Le Zhang, Australian National University
Wenrui Zhang, Colorado State University

We examine the role of borrowers cultural norms in online lending markets. Using data from one of the largest marketplace lending platforms in China, we show that borrowers from regions with a stronger Confucian culture influence are more likely to be funded and receive more campaign proceeds relative to loan size. Moreover, borrowers local Confucian culture is associated with favorable lending outcomes through enhancing the creditworthiness and predictability of borrower behaviors. Ex-post analysis suggests that borrowers from regions with a stronger Confucian culture have less default, and their lenders enjoy higher returns. Taken together, our findings reveal the unique role of local cultural norms in enhancing transaction efficiency by mitigating the adverse selection and moral hazard problems in marketplace lending.

The Financial Inclusion Index: Insights and Implications for G20 Countries

Thomas Tony George, Pondicherry University
Danial Lazar, Pondicherry University

Financial inclusion (FI) ensures equitable access to and utilisation of quality financial services for individuals excluded from the formal financial system. The study constructs three multidimensional financial inclusion indices for G20 countries using supply- and demand-side indicators sourced from global databases, applying the non-parametric (Euclidean distance) method to provide a robust framework for analysis. These indices serve as a comprehensive, systematic, and coherent measure that consolidates financial inclusion into a numerical value, offering an insightful reflection of a country's financial infrastructure, institutional financial offerings and their utilisation. The findings demonstrate a consistent upward trend in financial inclusion across G20 countries across all indices. However, only a few countries attain consistently high scores across all indices and their dimensional indices. The research further reveals that developed countries outperform developing countries, primarily due to their superior infrastructure and advanced financial systems. Developing countries exhibit robust performance in the digital dimension, suggesting that, if leveraged effectively, these digital advancements could significantly enhance financial inclusion. For developed countries, the study recommends improving the quality of financial services while broadening access to digital financial platforms. In contrast, for developing countries, the research advocates prioritising investment in basic financial infrastructure, which would better address the needs of populations that remain underserved by formal financial services. The study recommends enhancing the supply of innovative financial services, particularly those leveraging digital platforms, to meet the evolving needs of users across all countries.

Does FinTech Improve Financial Inclusion? Evidence from Crowdfunded Microfinance Institutions

Runtong Lin, University of Hong Kong
Tse-Chun Lin, University of Hong Kong

We identify a set of financial technology (FinTech) shocks to developing economies micro-finance institutions (MFIs) and study its influence on financial inclusion. Via crowdfunding FinTech, the treated MFIs obtain subsidized debt capital from global atomic creditors when they produce and publish information about their clients on the platform, Kiva. We show in a triple-difference framework that Kiva participation benefits the MFIs, and the benefits concentrate on the MFIs that crowdfund large shares of their assets. Relative to low-stake counterparts, the MFIs that receive crowdsourced capital at a large scale expand in asset size and become more labour-intensive to facilitate information production. More importantly, financial inclusion improves as (i) they reach 5.7% more borrowers, (ii) the borrowers estimated income is 9% lower, and (iii) the percentage of female borrowers increases by 5.1 percentage points. However, the improvements in financial inclusion come at a cost: these MFIs also have lower asset utilization rates and more non-performing loans.

Session D2 - Hedging and Option Pricing

Commitment is an Act: How Does Management Forecast Affect Corporate Selective Hedging?

Abe de Jong, Monash University
Taoran Guo, Monash University
Lubna Rahman, Monash University

This paper investigates how management earnings forecast behavior impacts the adoption of corporate selective hedging strategies. Selective hedging is a profit-oriented strategy that enables managers to speculate by incorporating their market views into corporate derivative programs. Using hand-collected data of detailed firm-quarter-level corporate derivative positions of U.S. S&P 500 firms, we find that firms with management earnings forecasts are more likely to engage in selective hedging, especially when managers make overestimated earnings forecasts. However, an underestimated forecast provides no motivational effects in speculative derivatives. We use a forecast maintainer subsample test and instrumental variable (IV) to help establish a more direct causal link. The increased selective hedging activities are mainly driven by the use of foreign exchange speculative derivatives. We find no forecast-driven increase in firm hedging derivatives.

Option Pricing under Gram-Charlier Density

Ruizi Hu, University of Otago
Jin E. Zhang, University of Otago
Pakorn Aschakulporn, University of Otago

This paper is the first to present an option pricing formula under Gram-Charlier density of arbitrary order with the analytic and explicit expression for the probabilities that options will be exercised under share measure and risk-neutral measure (namely, $\Pi 1$ and $\Pi 2$, respectively). We demonstrate the hedging ratio (i.e., Δ) of the option pricing formula under Gram-Charlier density, is equal to $\Pi 1$, as well as the equivalence between our formula and the previous derivations. Furthermore, we investigate the relationship between the cumulants with Gram-Charlier density under share measure and risk-neutral measure.

Illiquidity Premium and Crypto Option Return

Christina Atanasova, Simon Fraser University
Terrel Miao, Simon Fraser University

Ignacio Segarra, Simon Fraser University
Tony (Tong) Sha, Simon Fraser University

We examine the economic drivers of illiquidity in cryptocurrency options markets and its effect on crypto option returns. Using transaction-level data for bitcoin (BTC) options on Deribit from January 2020 to July 2024, we compute intraday measures of option illiquidity. Our results show that when market makers hold net-long positions, they demand a positive illiquidity premium to compensate for hedging and rebalancing costs associated with their risk exposure. Our regression results show that one standard deviation increase in option illiquidity increases the daily delta-hedged returns by about 0.07% for calls and 0.06% for puts. We estimate a factor model based on latent instruments derived from option characteristics and show that illiquidity is a distinct pricing factor in the cross-section of option returns. These findings highlight the importance of market liquidity, offering valuable insights for traders and market makers in nascent financial markets.

Session D3 - Information and Investor Behaviour

Pricing Information: Evidence from Transaction-Level Data in Financial Markets

Anirban Banerjee, Indian Institute of Management Ahmedabad
Arnab Chakrabarti, FLAME University
Anindya S. Chakrabarti, Indian Institute of Management Ahmedabad

High-frequency trading is known to facilitate incorporating information into asset prices. Do such traders utilize aggregate market-wide information or idiosyncratic stock-specific information? In this paper, we exploit novel transaction-level data from the National Stock Exchange in India, to construct a measure of information by order imbalance i.e. excess demand for assets. Upon filtering out aggregate factors, we show that the traders act in accordance to the direction of information -- importantly, magnitude of information is barely related to high frequency trades, the direction matters a lot more. Market-wide and idiosyncratic information are used almost equally -- even during times of extreme fluctuations. All of our results appropriately control for aggregate market-index return, stock specific liquidity and they are robust to a range of fixed effects accounting for stock-, day- and minute-level unobserved heterogeneity.

Foreign Investor Feedback Trading in an Emerging Financial Market

Ingomar Krohn, Bank of Canada
Vladyslav Sushko, Bank for International Settlements
Witit Synsatayakul, Bank of Thailand

This paper finds that trading by non-residents in an emerging financial market reinforces the existence of a momentum anomaly, in an apparent violation of an efficient market hypothesis. Using detailed order flow data in Thai foreign exchange, equity, and fixed income markets, we find that foreign investors engage in momentum trading, which amplifies positive feedback between returns and order flow across all asset classes. Innovations in foreign investor order flow are informative of future returns, but the information is not based on local macro fundamentals. Local financial investors tend to mimic foreign investor trading, reinforcing returns to momentum, while non-financial investors consistently provide liquidity. Further tests suggest that the returns to momentum trading are time-varying and are positively related to the amount of foreign capital flowing into the local financial market. Taken together, the results indicate that a significant presence of foreign investors can alter the trading behaviour of local investors and can reduce the importance of local fundamentals in driving asset prices.

Passive investors, active moves: ETFs IPO participation in China

Haiqiang Chen, Xiamen University
Xiaoqun Liu, Hainan University
Bo Ni, Xiamen University
Zhuo Zhong, University of Melbourne

We examine a unique phenomenon among exchange-traded funds (ETFs) in the Chinese stock market, finding that ETFs pervasively participate in initial public offerings (IPOs) to profit from underpricing. The ETF IPO participation passes primary market benefits (about 4. 68% per annum) to investors, providing benefits from hard-to-reach investment opportunities. These active moves showing ETFs are not entirely passive highlight the gains of the active management. However, we observe that this activity leads to increased non-fundamental volatility and short-term return reversals, as well as decreased investment-q sensitivity among ETF member stocks, presenting a negative externality. Using a policy

shock as the quasi-natural experiment, we establish the causality of these effects, underscoring the dual nature of ETFs active management.

Session D4 - Private Equity and Startups

How Resilient are PE/VC Returns to Real Shocks?

Michelle Xuan Mi, University of Queensland
Rumi Masih, University of Queensland

This paper examines the resilience of private equity (PE) and venture capital (VC) returns to economic and market shocks, exploring their role as alternative asset classes within diversified institutional portfolios. Despite the increasing allocation to these illiquid and untransparent assets, little is understood about their shock resilience, econometric exogeneity, and diversification properties when combined with liquid assets such as equities, bonds, and commodities. We use a Vector Autoregression (VAR) framework to analyze PE and VC performance over thirty years, assessing their reactivity and adaptability to fluctuations in traditional asset classes and macroeconomic indicators. Our findings show that while PE and VC are sensitive to immediate market changes, they demonstrate substantial long-term resilience, regaining equilibrium aftershocks. This reveals that PE/VC is an ideal asset class for diversification within institutional portfolios as a buffer against market volatility without sacrificing returns.

The Role of Soft Information in Crowdfunding: Evidence from Crowdsourced Data

Yoram Bachrach, Google DeepMind
Omer Lev, Ben-Gurion University of the Negev
Joshua Shemesh, Monash University

We propose a new approach to capture the role of soft information in crowdfunding markets. We define soft information as not codeable, i.e. cannot be easily web-scraped by robots. Using a crowdsourced survey where participants rate live Kickstarter campaigns, we show that human raters improve the likelihood of correctly distinguishing between a funded and a failed campaign by 9%. Our survey design also reveals how investors evaluate information with respect to multiple qualitative factors in forming funding decisions. Our results suggest that human evaluations can detect soft information and thus still have value in a world dominated by big data.

Startup Press Releases

Huaizhou Li, University of New South Wales
Leo Liu, University of Technology Sydney
Peter Pham, University of Sydney
Jason Zein, University of New South Wales

This study examines voluntary disclosure incentives in a highly opaque environment -- startups. Using a novel dataset of press releases, we document that high-quality startups tend to stay "silent," as disclosure frequency is actually negatively associated with both the likelihood of securing future funding and gaining higher valuation. Low-quality startups and those with capital-constrained inside investors both issue press releases to compete for outside investor attention, with textual analysis further suggesting that the former is more inclined to resort to "spin." Our results contradict theories predicting information unravelling, instead highlighting the dominant role of inside investors in restricting startup disclosure.

Session S2 – PHD Student Session II

Is the Unreal World Real? Corporate Fraud and Investment Credibility

Xi Xu, University of Otago
Pakorn Aschakulporn, University of Otago
Jing A. Zhang, University of Otago

This study explores the impact of penalties for information disclosure violations (IDV) imposed by securities regulators on Chinese firms and their subsequent investments in Metaverse. Analyzing 1,217 investment announcements from 573 firms during 2021-2023, the results indicate that Metaverse investments typically result in higher cumulative abnormal returns (CAR) and increased systematic and idiosyncratic risks. Notably, firms with a history of IDV show smaller CAR increases, lower systematic risk, and higher idiosyncratic risk compared to their non-IDV counterparts. Overall, our findings emphasize the lasting influence of previous corporate misconduct on investment performance and confirm that the market values the effectiveness of regulatory oversight in Chinas financial market. Additionally, a firms history of regulatory violations is a significant factor in the valuation of subsequent corporate investment announcements.

CEO's Political Contribution and Rewards

Lei Chen, University of Melbourne

Existing literature on company political connections often proxies these connections solely by company PAC contributions, overlooking the CEO's political contributions. This assumes that the CEO's contributions are driven by ideology and are not expected to generate benefits. This paper challenges that perspective, seeking to unravel the economic outcomes of the CEO's political contributions. Using various measures of CEO contributions, this study finds that CEO contributions significantly enhance a firm's procurement contracts, after controlling for other firm political connections. dditionally, CEOs with substantial political contributions tend to secure better contract terms and experience improved firm investment and market value. CEO political contributions thus emerge as a key channel for firms to engage in political activities, especially for those without PACs.

The Bright Side of Patron-Client Network: Evidence from Corporate Innovation

Ricky Ke, University of Technology Sydney

Patron client networks (PCNs) are often perceived as impediments to effective political governance in transitional economies and have adverse impacts on aggregated economic outputs. This study advances an alternative view that emphasizes their enabling effects. To do so, we use a new method that identifies patronage ties based on past promotions. Our study shows that PCNs can foster innovation at the microeconomic level. Firms situated in cities where city leaders have patronage connections with provincial leaders experience an 8.7% and 7.9% increase in innovation output and citation rates, respectively. Our results remain robust after using alternative measures of corporate innovation, alternative estimation strategies, controlling for high dimensional fixed effects, alternative cluster levels, controlling for city leaders personal characteristics, and using subsample analysis. We also conduct additional analyses to rule out several important alternative explanations. We find that PCNs enhance corporate innovation by fostering mutual trust between government hierarchies, facilitating more favorable resource allocation, promoting city leaders tolerance of failure, and mitigating economic policy uncertainty and other perceived uncertainty faced by firms. We also find that PCNs operate primarily through patronage connections with provincial party secretaries, rather than with provincial governors. The impact of PCNs is more pronounced among local state-owned enterprises and in the absence of robust external institutions. Overall, our results highlight the importance of PCNs in providing an alternative form in political governance and functioning for authoritarian governments, promoting firm-level innovation efficiency and fostering economic growth.

Session E1 - Carbon Risk and Green Finance

Market Implications for Industry Greenness Shocks and Climate Information Transfer

Kris Allee, University of Arkansas
Cao Fang, Northeastern University

This study examines whether firm equity returns are differentially affected by the greenhouse gas (GHG) emission innovations of their industry peers based on the information environment and disclosure regime. We construct an industry innovation index, II Index, to capture monthly industry wide GHG innovation shocks. In the strong information environment, when climate disclosures are more prevalent and detailed, we find a positive relationship between industry GHG emission innovations and firm equity returns, own emissions constant. In the weak information environment, we find a negative relationship between market returns and the II Index. Furthermore, the effect triples in the strong information environment in industries with lower product differentiation.

Carbon Price Volatility, Carbon Emissions and Investments

Andre Poyser, University of Otago

What polluting firms need to switch from emitting to less emitting technologies are strong and stable price signals. Carbon prices can, however, be quite volatile. Using the New Zealand Emissions Trading Scheme (NZ ETS) as the carbon price setting, I model the time series behaviour of carbon price volatility in the NZ ETS and find that, in addition to being highly persistent, it is explained, to a large degree, by climate policy uncertainty and climate related policy actions. I also find that, contrary to the irreversible investment and growth option investment perspectives, carbon price volatility exhibits a positive relationship with irreversible investments and a negative relationship with growth option investments.

Do Carbon Emissions Affect IPO Price Formation and Aftermarket Performance?

Hung-Neng Lai, National Central University
Cheng-Yi Shiu, National Chengchi University

This paper explores the impact of carbon emissions on IPO price formation and aftermarket performance. The sample consists of 1,720 new issues that went public between January 2004 and December 2021, with 298 IPOs categorized in the Disclosure Group (covered by the Trucost database) and the remaining 1,422 in the Non-Disclosure Group. Our analysis yields several noteworthy and original findings. Firstly, new issuers with higher carbon emissions tend to have lower initial offer values and experience more negative price revisions. This suggests that underwriters discount brown IPOs to a greater extent, and institutional investors exhibit a disfavorable bias towards such IPOs. Furthermore, the discount and downward price revision on brown IPOs intensify with increased climate change concerns and post the Paris Agreement. Secondly, the total level or intensity of an issuer's carbon emissions does not significantly impact underpricing. Thirdly, new issuers with higher carbon emissions demonstrate higher long-run post-issue abnormal returns than those with lower carbon emissions. We conduct several auxiliary tests to verify the robustness of our results against concerns about endogeneity issues. Overall, our findings support the notion that investors demand higher expected returns to invest in shares of brown firms. Consequently, this leads to lower initial offer values, more negative price revisions, and higher long-run post-issue abnormal returns associated with higher carbon risks.

Session E2 - Corporate Finance and Cost Of Capital

Unbundling Institutions for Corporations

Dong Wook Lee, Korea University
Jee-eun Lee, Korea University
Lingxia Sun, Sun Yat-sen University

The persistent coexistence of two distinct groups of companies in the corporate sectorâ€”i.e., companies with positive free cash flows (FCF) and companies with negative FCFâ€”is a robust empirical regularity across countries. Such a sustained cohabitation, together with the conceptual contrast between positive FCF and negative FCF, suggests that a country has different sets of institutions serving each group of companies. That is, a countryâ€™s institutions for corporations can be unbundled into those for positive-FCF firms and those for negative-FCF firms. This paper investigates the possibility and usefulness of this unbundling and provides supporting evidence, using firm-level data from 43 countries for the period of 2000-2018.

Impact of Additional Equity Capital on Bank Funding Costs: Australian Evidence

James Cummings, University of Sydney
Linh Nguyen, World Bank

This study examines the long-run cost implications for banks of funding more of their assets with equity capital, in an economy with a strong dependence on bank-intermediated financing and a highly concentrated banking industry. Despite domestic conditions that are likely to heighten expectations of government support for banks, we find robust evidence that equity investors are willing to accept a lower risk premium for investing in less leveraged banks. The relationship between the equity risk premium and leverage is not significantly affected by bank size. However, we find that equity pricing became more responsive to bank leverage after the 2007-2009 financial crisis. The impact of additional equity capital on the overall cost of bank funding is small (in the order of 0-3 basis points annually for each 1-percentage-point increase in the ratio of equity capital to risk-adjusted assets).

Testing the Risk-Taking Hypothesis on the Cash Conversion Cycle Anomaly

Hardjo Koerniadi, Auckland University of Technology

This study aims to explore whether risk-taking in working capital management can explain the cash conversion cycle (CCC) anomaly, as documented in recent literature. By examining a dataset comprising non-financial US firms spanning from 1986 to 2022, this study finds that firms with lower CCC exhibit higher levels of operational and stock return risks. These firms also reported to allocate a more significant portion of their resources toward capital expenditures and/or research and development (R&D) expenses. These findings suggest that the significantly positive abnormal returns of firms with low CCC, as documented in the CCC anomaly, can be attributed to the undertaking of higher risks. Further analysis on the components of the CCC shows that firms with low CCC manage their inventory and accounts payable days policies to expose them to higher levels of firm risk.

Session E3 - Housing Market and Finance

Measuring and Mitigating Racial Disparities in Large Language Model Mortgage Underwriting

Donald E. Bowen III, Lehigh University
Luke C.D. Stein, Babson College
S. McKay Price, Lehigh University
Ke Yang, Lehigh University

We conduct an audit study of loan approval and interest rate decisions suggested by large language models (LLMs). Using a dataset of real loan applications and experimentally manipulated race and credit scores, we find that LLMs recommend denying more loans and charging higher interest rates to Black applicants than otherwise-identical white applicants. This racial bias is largest for lower-credit-score applicants and riskier loans, but present across the credit spectrum. Surprisingly, simply instructing the LLM to make unbiased decisions eliminates the racial disparity in approvals and moderates the interest rate disparity. LLM recommendations correlate strongly with real lenders' decisions, despite having no fine-tuning or specialized training, no macroeconomic context, and access to only limited data from each loan application. A number of different leading LLMs produce racially biased recommendations, although the magnitudes and patterns vary. Our results highlight the critical importance of auditing LLMs and demonstrate that even basic prompt engineering can help reduce LLM bias.

Keeping Up with the Blackstones: Institutional Investors and Gentrification

Neroli Austin, University of Michigan

Policy makers worry that institutional investment in residential real estate drives up house prices and crowds out minority residents. Using mergers of private-equity backed firms to isolate quasi-exogenous variation in concentration of ownership at the neighborhood level, I find that shocks to institutional ownership indeed cause higher prices and rents but, contrary to popular opinion increase rather than decrease neighborhood diversity. The reason for increased diversity is that some minorities benefit from the relaxation of borrowing constraints as a result of higher house prices and take out mortgages for home improvement, increasing the attractiveness of their homes; other minorities move in because more rental properties become available as institutional ownership crowds out predominantly white individual home ownership. Institutional investors benefit from increased market values of their houses in increasingly attractive neighborhoods, but also extract value by challenging tax assessors valuations and thus reduce their tax bill by an estimated $4.1b across the United States. This is a hitherto unknown source of rent extraction by institutional investors. I conclude that policy makers are right to be worried about some aspects of institutional investment in residential real estate, but they are mostly worried about the wrong thing.

The Impact of Assumption Financing on Housing Prices and Supply

Antje Berndt, Australian National University
Jiayi Zheng, Australian National University
Min Zhu, University of Queensland

Assumable mortgages allow buyers to retain existing loan terms, preserving lower mortgage rates despite rising rates. Analyzing a novel dataset of properties financed with assumable mortgages across 14 US regions, we find that the assumable feature raises average property prices by over \$20k, representing a 5\% premium. This premium captures more than 80\% of the assumption option's market value and influenced by several regional factors. We present evidence of the lock-in effect, where rising interest rates reduce housing supply and household mobility. We further demonstrate that mortgage assumption alleviates this lock-in effect, thereby enhancing both housing supply and mobility.

Session E4 - Social Media

Noise or Fundamentals? The Predictive Role of News and Social Media in the Crude Oil Market

Gaoping Ma, Central University of Finance and Economics
Yahua Xu, Central University of Finance and Economics
Z. Ivy Zhou, University of Wollongong

This study examines the impact of traditional news and social media platforms on the crude oil market. By using a unique dataset on sentiment scores from both channels, we discover that news media convey fundamental information that leads to a permanent price impact. In contrast, the predictive power of social media exhibits significant reversals yet retains a

positive long-term impact, indicating its influence stems from a mix of fundamental information and noise with fundamentals playing a dominant role. We also demonstrate that the information from news and social media does not entirely overlap, with social media offering a unique informational component does not present in news content. Furthermore, we show that news and social media can forecast announcements related to changes in oil inventories and reveal that WTI futures market speculators adjust positions based on news media information, but not on social media posts. Our study provides important implications for regulators to enhance their monitoring of misinformation on social media and for market participant ants to understand the informational elements of news and social media platforms.

Mind the Gender Gap in Financial Socialization on Social Media: Evidence from Twitter

Hui Zhou, University of Auckland,
Yan Tian, University of Missouri-St Louis

We investigate the gender gap in financial socialization using data from Twitter (now X). Our sample consists of more than 10 million finance-related tweets during 2021 from 154 countries covered in the Global Gender Gap Report, which rates country-level gender equality performances in the economic, educational, health, and political dimensions respectively. This social listening approach allows the inclusion of the broadest set of countries and the widest range of population groups possible. We find that better economic gender equality is associated with less gender gap in the number of finance-related tweets posted by female versus male users, with this effect being more pronounced for higher-income countries. In contrast, better political gender equality is associated with worse gender disparity in finance-related tweets. Our study contributes to the growing literature on financial gender disparity by investigating how macro-level social factors drive the gender gap in an important emerging form of financial socialization.

Social Media Sentiment, Investor Herding and Informational Efficiency

Ni Yang, Auckland University of Technology
Adrian Fernandez-Perez, University College Dublin
Ivan Indriawan, University of Adelaide

We examine the impact of social media sentiment on the informational efficiency of financial markets. Specifically, we explore the relationship between sentiment extracted from Twitter posts and two commonly used measures of efficiency: return autocorrelation and variance ratio. Our findings reveal that higher sentiment leads to higher return autocorrelation and variance ratio the following day, indicating a decrease in informational efficiency. We also demonstrate that the impact of social media sentiment on informational efficiency stems from the emergence of herding behaviors among traders, with higher sentiment leading to heightened herding activity. Our findings support the notion that higher social media sentiment contributes to a decline in the quality of the information environment, resulting in informationally inefficient equity prices.

Session S3 – PHD Student Session III

Political Green or Market Green? Stock Purchase Preferences Among Swiss Retail Investors

Leonie Engelhardt, University of Geneva

Leveraging a novel dataset I study the relationship between green political party exposure and the investment decisions of Swiss retail investors. Looking at affirmative voting outcomes for the Green Party of Switzerland (GPS) and the Green Liberal Party (GLP) and controlling for votes for major parties in Switzerland, I find that investors in areas with strong support for both green parties show a preference for stocks with higher ESG performance, mainly due to GLP support. When examining the parties separately, the relationship appears contrarian for both. These findings are strengthened when controlling for investor fixed effects, suggesting the political climate influences indeed plays a role for investment preferences. Although preferences for lower CO2-emission stocks are mixed, the contrarian pattern persists for green versus brown industries. Finally, in terms of past investment performance, investors in areas with strong support for the GLP consistently exhibit superior performance compared to those in areas with high GPS support. Overall, the results suggest that changes in the political climate significantly influence asset selection, particularly when sustainability and environmental issues are prominent.

Does Investor Overconfidence Affect a Firm’s Corporate Social Responsibility?

Zan Ye, University of Queensland

This study investigates whether and how investor overconfidence (OCI) affects a firms corporate social responsibility (CSR) engagements. Using a relatively new and innovative measure of investor overconfidence based on a sample of US

firms, I find a significant negative association between OCI and CSR. These results are robust to alternative model specifications and endogeneity checks. Further analyses show that firms followed by overconfident investors demonstrate significantly higher levels of acquisitions and asset growth, leaving the firms with fewer resources for CSR investments. These results suggest that firm managers, with a tendency to cater to behavioural biases of overconfident investors, overinvest in empire-building activities to expand the firm size at the expense of CSR investments. Cross-sectional analyses reveal that the OCI-CSR relationship is more visible in firms with high managerial pay-for-performance sensitivity, low institutional ownership, and poor accounting quality. Overall, this study uncovers the role of investor overconfidence in a firms CSR decisions.

For full version, please contact author zan.ye@student.uq.edu.au.

The Impact of ESG Disasters on Green and Brown Firms

Suhee Yun, Singapore Management University

investigate the effect of a firm's prior ESG reputation on the market response to ESG incidents. I find that firms with a better ESG reputation, i.e., higher ESG ratings, experience less negative stock-market reactions and analysts' forecast revisions compared to firms with a poorer ESG reputation. Managers of green firms with strong ESG reputations, when producing earnings guidance, do not forecast a lower impact of these incidents on future earnings. Similarly, actual decreases in future earnings following these incidents are not significantly different between green and brown firms. Altogether, the evidence suggests that investors and analysts underreact to ESG incidents when the affected firms have a stronger prior ESG reputation.

Session F1 – Asset Pricing Theory

Adaptive Risk Preferences: Unraveling the Impact of Monetary Policy on Output

Antje Berndt, Australian National University
Jean Helwege, University of California, Riverside

We introduce a novel approach for measuring time variation in habit-based preferences from corporate bond price data and employ this approach to estimate empirical targets for the calibration of models that link such preferences to the output gap. Using a popular model that integrates macroeconomic dynamics with habit-based preferences, we show that our evidence on the market risk premium is most consistent with a model specification where a 1% monetary policy shock reduces output by 50-75 basis points, with the trough occurring at five to eight quarters, depending on the sample period. This evidence is relevant for recent studies that rely on the preference-output gap link to induce hump-shaped output responses to monetary policy shocks.

Asset Pricing with Affect Investing, Gambling, and Overconfidence: Theory and Evidence

Jiang Luo, Nanyang Technological University
Shuoge Qian, Nanyang Technological University
Zheng Qiao, Xi'an Jiaotong University
Avanidhar Subrahmanyam, University of California, Los Angeles

We present a multi-asset model with three investor types: Gamblers, who derive direct utility from large stock positions, overconfident investors, who underestimate the preci- sion of public information (that they do not produce themselves), and affect investors, whose attitude towards a firms products impacts their investment in the firms stock. We consider the joint impact of these investors on trading activity, measured systematic risk, and expected returns. We find that gambling amplifies trading volume and mitigates overconfidence induced excess return co-movement and underreaction. Further, risk-adjusted returns decrease in the strength of the affect heuristic; but this relation at- tenuates when gambling propensity is high. Empirical evidence supports these implications.

How Do Firms Resolve Patent Disputes? Insights from Competitive Dynamics and Market Uncertainty

Danmo Lin, Warwick University,
Du Liu, East China Normal University,
A. Elizabeth Whalley, University of Warwick

We develop a real options model to examine the determinants of patent dispute outcomes between two producing firms. By focusing on the dynamic strategic interactions between a patent-owning incumbent and an allegedly infringing challenger, we find that competitive pressure from new market entry plays a crucial role in determining whether firms settle their disputes, the timing of settlements, and the terms of any royalties. Greater competition, higher market volatility, and a larger divergence in the firms' willingness to continue paying litigation costs reduce the likelihood of settlement. Our model provides insights into litigation and settlement patterns and post-dispute market structures, illustrating how innovation-driven competition, market uncertainty, patent protection, and legal frameworks collectively shape the landscape of patent disputes.

Currency Investing Throughout Recent Centuries

Joseph S. Chen, University of California, Davis

The literature on currency investing generally bases its analysis on the most recent period since 1983 and uses short-term bills as the investment vehicle. I analyze the risk and return characteristics of currency investing over an extended period using data that reaches back as far as 1788, and I extend the analysis to long-term bonds. Excess returns on currencies have been predictable throughout history across various periods and robust to using long-term bonds. The risk premia estimates indicate nominal exchange rates are not stationary and are informative about the time-variations in the pricing kernel in a reduced-form pricing model.

Session F2 – Equity Market Volatility and Liquidity

The Rare Disaster Concern Index: RIX

Weihan Li
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Xinfeng Ruan, Liverpool University
Xi'an-Jiaotong, Liverpool University
Pakorn Aschakulporn, University of Otago

This study aims to deepen the understanding of the Rare Disaster Index (RIX) by redefining its concept, developing its exact model within the Gram-Charlier density, and constructing its time series to enhance its theoretical foundation and numerical application in capturing extreme market risks. Through comparative analysis with conventional indices across various term structures, we uncover the superior capability of the RIX in reflecting higher-order risks in financial markets. Our findings demonstrate the heightened sensitivity of the RIX to extreme market movements, especially within the left lower range, emphasizing its importance in strategic risk management and investment decision-making.

ETF and Stock Price Fragility

Beiqi Lin, University of Queensland
Shunji Mei, University of Adelaide
Kelvin Jui Keng Tan, University of Queensland
Lei Zhang, City University of Hongkong

This paper explores the link between equity ownership by exchange-traded funds (ETFs) and stock price fragility. We show that stocks with more ETF ownership are more fragile. This positive association is more pronounced in relatively illiquid stocks. Our results suggest that due to the liquidity mismatch between stock- and ETF-level liquidity (i.e., ETFs are more liquid than stocks), when investors sell ETFs to meet liquidity needs, such non-fundamental liquidity shocks can propagate to the underlying stocks, thereby increasing stock price fragility. We also show that this liquidity mismatch effect appears in broad ETFs, but no clear evidence of it can be found in sector ETFs. We find further evidence of ETFs being used as a liquidity management tool in the fact that mutual funds tend to sell ETFs first when they experience outflow.

Rumor and Clarification: Abnormal Volatility in the Chinese Stock Market

Ziqian Li, University of Technology Sydney
Kathy Walsh, University of Technology Sydney
Vitali Alexeev, University of Technology Sydney
Ester Felez Vinas, University of Technology Sydney

This study examines the impact of rumors and clarifications on stock volatility in the Chinese stock market, focusing on the shift from information asymmetry to transparency in information dissemination. Utilizing a novel dual-event study to measure abnormal volatility, it disentangles the distinct effects of rumors and clarifications on stock price fluctuations. The findings reveal that rumors significantly drive abnormal volatility as investors react to unverified information, while clarification announcements also induce volatility as markets process verified information. Although volatility gradually subsides following clarifications, their stabilizing effects remain limited. This pattern is robust across parametric, nonparametric, and bootstrap analyses, confirming that clarifications mitigate but do not eliminate rumor-induced volatility. Regression analysis indicates that positive rumors, particularly those originating from social media or involving state-owned enterprises, are less likely to be true. Moreover, positive rumors tend to generate higher abnormal volatility compared to negative rumors. This contradicts prior studies suggesting a stronger impact of negative news. The study contributes to the literature by integrating theoretical frameworks, demonstrating the role of regulatory interventions, and providing insights into market stability in emerging economies.

Customer Satisfaction and Stock Crash Risk
John Byong-Tek Lee, University of Auckland
Jun Ma, University of Auckland
Dimitris Margaritis, University of Auckland
Wanyi Yang, Auckland University of Technology

We find that firms with a higher level of customer satisfaction are associated with lower stock crash risk in the future. Our main findings are robust to a series of robustness tests for endogeneity concerns, including instrumental variable and difference-in-difference analysis based on the Gramm-Leach-Bliley Act. Our results support the view that customer satisfaction reduces stock crash risk by reducing the negative impact of stock price volatility feedback and differences of opinion among investors. However, we do not find significant evidence that the bad news hoarding theory contributes to the negative relationship.

Session F3 – ESG Events

Navigating ESG Storms: ESG Incidents and Earnings-based Incentives in CEO Compensation
Yu (Flora) Kuang, University of Melbourne
Bo Qin, University of Melbourne
Shuying Wu, University of Melbourne

We investigate whether firms adjust earnings-based incentives in CEO compensation after influential media expose their involvement in environmental, social, and governance (ESG) incidents. We capture earnings-based incentives using the target payout linked to earnings and the value-adjusted weight of earnings metrics in CEO compensation. We find that firms involved in ESG incidents significantly reduce earnings-based incentives in CEO compensation. These firms replace earnings-based incentives with nonfinancial and ESG performance-based incentives in CEO compensation. When categorizing firms into consumer-sensitive versus less consumer-sensitive industries, we find that less consumer-sensitive businesses choose to reduce the importance of earnings in CEO compensation following ESG incidents. Finally, we show that these adjustments to performance incentives are received favorably by the market and lower the risk of future ESG incidents. Overall, our results suggest that firms efforts to focus CEOs attention on ESG goals in the wake of ESG incidents improve the efficiency of CEO contracting.

Public Perception, Identification, and Market Impact of ESG Events
Vladislav Pyzhov, University of Technology Sydney
Kristoffer Glover, University of Technology Sydney
Vitali Alexeev, University of Technology Sydney and University of Guelph

We propose a novel procedure for detecting ESG-specific `events' using a large dataset of news and social media. Tracking firm-specific sentiment and controversies, we find a significant impact of both positive and negative ESG events on stock market valuations, with larger reactions observed for negative events. Surprisingly, when classifying events as either E, S, or G, the observed price impact is mainly concentrated in the Social and Governance pillars, with little reaction to Environmental issues. Significant heterogeneity is observed when decomposing the results across industries, revealing strong responses in the Technology, Basic Materials, and Consumer Cyclicals sectors, but little evidence of an effect in the Financial and Industrials sectors. Finally, we provide evidence that the impact of media ESG events has declined over time, but only for negative events, suggesting a changing valuation of ESG risks.

Appointing Charity Directors in Response to ESG Incidents

Marina Gertsberg, University of Melbourne
Hae Won (Henny) Jung, University of Melbourne
Yuyang Zhang, University of Melbourne

This paper examines how companies respond to negative environmental, social, and governance (ESG) incidents by appointing directors with experience in charitable organizations. We find that firms are more likely to make such appointments following ESG incidents, particularly those receiving significant media attention and involving social issues. The market reacts positively to these appointments, especially when charity directors' biographies highlight this experience. We show that firms leverage charity directors' expertise to enhance ESG performance. Using the local supply of charity directors as an instrumental variable, we provide causal evidence that incidents, particularly those related to social issues, decline after charity director appointments. Additionally, we find improvements in job satisfaction from employee reviews. Finally, charity directors often join committees overseeing ESG issues, and our results are driven by directors who are not overboarded. Overall, our study shows evidence of a value-enhancing human capital channel through which companies address ESG concerns.

Post-Environmental Incident Drift and Institutional Trades: Who Benefits from Environmental Shocks

George Aragon, Arizona State University
George Wang, Lancaster University Management School
Chelsea Yao, Lancaster University Management School
Adina Yelekenova, Monash University

This paper examines the impact of environmental incidents on stock returns and institutional investors' trading patterns around environmental incidents, focusing on the strategic behavior of hedge funds. We show significant negative drift in stock returns following environmental incidents that persists over one quarter. We find significant selling pressure from banks, pension funds, and insurance companies, particularly in high ESG risk stocks. In contrast, hedge funds often purchase these stocks, capitalizing on temporary price depressions caused by divestment from environmentally conscious investors. Our analysis reveals that non-PRI hedge funds generate positive returns from this strategy, whereas PRI signatories do not exhibit similar trading behavior. This study enhances understanding of ESG incidents' market impacts and highlights the divergent strategies of institutional investors, with hedge funds playing a pivotal role in providing liquidity and exploiting opportunities arising from climate-related risks.

Session F4 – Labor Markets

Executive Talent Allocation across Family Business Group Affiliates

Jinzhao Du, University of New South Wales
Ronald Masulis, University of New South Wales
Peter Pham, University of Sydney
Jason Zein, University of New South Wales

Utilizing novel data on the executive movements across listed firms around the world, this study investigates how a family business group allocates human capital among their affiliated firms. We show that groups actively leverage their internal labor markets (ILMs) to source executive talent, with 30% of executive movements originating from other affiliated firms. Despite having overall greater demands for executive talent, group firms hire significantly fewer executives from the external labor market than comparable standalone firms. Such external hiring only rises in periods of poor performance. Within a group, the reallocation of talent is mainly directed towards younger and bottom-of-pyramid member firms, and those with relatively weaker performance and affiliates that receive within-group investments. Overall, this study implies that family business groups maintain active ILMs, through which critical human capital can be reallocated to support the development of group members.

Partisanship Implication of Supreme Court Ruling and Stock Market Response

Danjue Clancey-Shang, Utah State University

On the evening of May 2nd, 2022, a leaked US Supreme Court draft suggested that the landmark decision in Roe v. Wade was going to be overturned. This would effectively remove the constitutional right to abortion and defer the matter to individual states. In this paper, I examine the stock market response to this event. I find that firms headquartered in right leaning states experience more positive reactions upon the leak, while those in liberal states react negatively. Additionally,

stocks of firms that are more labor intensive suffer upon this revelation. Such a negative effect is primarily driven by firms headquartered in states without reproductive rights codified by state legislation. My findings support the perception that decisions of the US Supreme Court, an institution supposed to be impartial, are interpreted by the market through a partisan lens. I also provide evidence that the significant labor implication of overturning Roe v. Wade impacts firm values.

Do Labor Unions Influence Debt Contracting? Evidence From Private and Public Debt Markets

Madhu Kalimipalli, Wilfrid Laurier University
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Labor market frictions can influence terms of contracting in the credit market and thereby impact the financing costs for the borrowing firms. In this paper, we examine how labor union strength may influence private and public debt covenants. We employ fuzzy Regression Discontinuity Design (RDD) and use plant-level union election outcome data for firms (between 1977 and 2020) as quasi-exogenous shock to examine the effect of labor unions on firm-level loan as well bond market covenants. Our extensive RDD analysis shows that unionization leads to significantly lower covenants in public bond issuances and in particular reduced levels of (a) Investment, (b) Subsequent financing, and (c) Event-related bond restrictions. Loan markets show limited evidence of covenant reduction implying that bank lending, typically collateralized, is less sensitive to labor market frictions. Firm-level channel analyses show that following successful union elections, stronger unions help mitigate the agency risks and reduce covenant threshold in firms with other forms of monitoring in place (i.e., firms in highly competitive product markets, firms with high institutional ownership, firms with high credit ratings, and firms with better corporate governance). Sub-sample analyses based on firm characteristics show that the negative effect of union on covenant is stronger for firms with higher level of risk ex-ante (i.e., firms with higher R&D investment ratio, firms with higher leverage ratio, and firms with lower profitability ratio). Our results are therefore consistent with the argument that lenders and unions interests are closely aligned in non-bankruptcy states, thereby leading to lowering monitoring costs for creditors and reduced dependence on tighter bond covenant restrictions.

Migration and Municipal Bond Pricing: Evidence from China’s Household Registration Reform

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This study investigates how cross-city migration impacts municipal bond pricing in China. Traditionally, the country's household registration system, or Hukou system, has heavily restricted cross-city migration. However, with the relaxation of these restrictions, cities experiencing an influx of population show a notable decrease in the issuing yield spreads of their municipal bonds. The effect is more pronounced for cities with greater fiscal pressure and lower bond rating, consistent with a credit risk channel. Further analyses reveal that the decline in municipal bond spreads is mainly driven by increased demand for local services and infrastructure facilities and by an enhanced supply of skilled labor. Additional findings suggest that migration significantly bolsters local governments land sale revenue, a significant channel that lowers default risk and thus municipal bond spreads.

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Alireza Tourani-Rad, Auckland University of Technology	
Andre Poyser, University of Otago	E1, F2
Andrea Lu, University of Melbourne	WiF
Anirban Banerjee, Indian Institute of Management Ahmedabad	D3, C4
Anna Danielova, McMaster University	
Antje Berndt, Australian National University	F1
Bowen Wang, Massey University	C3, B1
Cao Fang, Northeastern University	E1, B4
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Jiang Luo, Nanyang Technological University	F1
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Kai Huang, Massey University	C1, B2
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Muhammad Rashed Asger, University of Queensland	S1
Neroli Austin, University of Michigan	E3
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