

How Learning in Financial Markets Generates Excess Volatility and Predictability in Stock Prices

[Get access >](#)

The Quarterly Journal of Economics, Volume 108, Issue 4, November 1993, Pages 1135–1145, <https://doi.org/10.2307/2118462>

Published: 01 November 1993

Abstract

Two of the most discussed anomalies in the financial literature are the predictability of excess returns and the excess volatility of stock prices. Learning effects on stock price dynamics are an intuitive candidate to explain these empirical findings: estimation uncertainty may increase volatility of stock prices and an estimate of the dividend growth rate that is, say, lower than the “true” value tends to increase the dividend yield and capital gain. Simulations of learning effects in a present value model confirm that learning may help to explain excess volatility and predictability of stock returns.

This content is only available as a PDF.

© 1993 by the President and Fellows of Harvard College and the Massachusetts Institute of Technology

You do not currently have access to this article.


Sign in

 [Get help with access](#)

Personal account

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content

Institutional access

 [Sign in through your institution](#)

[Sign in through your institution](#)

[Sign in with a library card](#)

- Activate your purchase/trial code
- Add your ORCID iD

Sign in >

Register

[Sign in with username/password](#)

[Recommend to your librarian](#)

Institutional account management

[Sign in as administrator](#)

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

How Learning in Financial Markets Generates Excess Volatility and Predictability in Stock Prices* - 24 Hours access

EUR €38.00

GBP £33.00

USD \$41.00

Rental



This article is also available for rental through DeepDyve.