JOURNAL ARTICLE

Trading Volume and Serial Correlation in Stock Returns Get access >

John Y. Campbell, Sanford J. Grossman, Jiang Wang

The Quarterly Journal of Economics, Volume 108, Issue 4, November 1993, Pages 905-939, https://doi.org/10.2307/2118454

Published: 01 November 1993

Abstract

This paper investigates the relationship between aggregate stock market trading volume and the serial correlation of daily stock returns. For both stock indexes and individual large stocks, the first-order daily return autocorrelation tends to decline with volume. The paper explains this phenomenon using a model in which risk-averse "market makers" accommodate buying or selling pressure from "liquidity" or "noninformational" traders. Changing expected stock returns reward market makers for playing this role. The model implies that a stock price decline on a high-volume day is more likely than a stock price decline on a low-volume day to be associated with an increase in the expected stock return.

This content is only available as a PDF.

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

Issue Section: Articles

You do not currently have access to this article.

Sign in



1 Get help with access

Personal account

Institutional access



- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD



Register

institution

Sign in through your institution

Sign in with a library card

Sign in with username/password

Recommend to your librarian

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

Trading Volume and Serial Correlation in Stock Returns* - 24 Hours access

EUR €39.00

GBP £33.00

USD \$43.00

Rental



This article is also available for rental through DeepDyve.