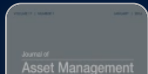


[Home](#) > [Journal of Asset Management](#) > [Article](#)

Profitable mean reversion after large price drops: A story of day and night in the S&P 500, 400 MidCap and 600 SmallCap Indices

| Original Article | Published: 12 May 2011

| Volume 12, pages 185–202, (2011) [Cite this article](#)



[Journal of Asset Management](#)

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:



- > **Store and/or access information on a device**
- > **Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

stocks. Overall, we show that opening prices contain information that is not generally fully utilized yet. The strategy proposed uses this information to add value and extract a significant α , which cannot be explained by market factors.

 This is a preview of subscription content, [log in via an institution](#)  to check access.

Access this article

Log in via an institution →

Subscribe and save

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Manage preferences



Information content of right option tails: Evidence from S&P 500 index options

Article | 10 April 2017

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

[Behavioral Finance](#)

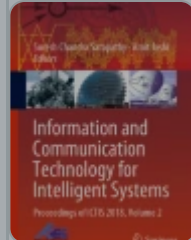
[Capital Markets](#)

[Market Psychology](#)

[Mathematical Finance](#)

[Quantitative Finance](#)

[Statistical Finance](#)



Application of LSTM, GRU and ICA for Stock Price Prediction

Chapter | © 2019

A Study on Relevant Features for Intraday S&P 500 Prediction Using a Hybrid Feature Selection Approach

Chapter | © 2022

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Choi, H.S. and Jayaraman, N. (2009) Is reversal of large stock-price declines caused by overreaction or information asymmetry: Evidence from stock and option markets. *Journal of Futures Markets* 29 (4): 348–376.

Cliff, M.T., Cooper, M.J. and Gulen, H. (2008) Return differences between trading and non-trading hours: Like night and day. *SSRN eLibrary*, <http://ssrn.com/paper=1004081>.

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Gaunt, C. and Nguyen, J. (2008) Stock returns following large one-day declines: Further evidence on the liquidity explanation from a small, developed market. *SSRN eLibrary*, <http://ssrn.com/paper=495244>.

Hong, H. and Wang, J. (2000) Trading and returns under periodic market closures. *The Journal of Finance* 55 (1): 297-354.

[Article](#) [Google Scholar](#)

Khandani, A.E. and Lo, A.W. (2007) What happened to the quants in August 2007? *Journal of Investment Management* 5 (4): 5-54.

[Google Scholar](#)

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

McInish, T.H., Ding, D.K., Pyun, C.S. and Wongchoti, U. (2008) Short-horizon contrarian and momentum strategies in asian markets: An integrated analysis. *International Review of Financial Analysis* 17 (2): 312–329.

[Article](#) [Google Scholar](#)

Morse, D. and Ushman, N. (1983) The effect of information announcements on the market microstructure. *The Accounting Review* 58 (2): 247–258.

[Google Scholar](#)

Park, J. (1995) A market microstructure explanation for predictable variations in stock returns following earnings changes. *The Journal of Financial and*

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)[Reject optional cookies](#)[Manage preferences](#)

Author information

Authors and Affiliations

Liverpool Business School, Liverpool John Moores University, CIBEF - Centre for International Banking, Economics and Finance, JMU, John Foster Building, 98 Mount Pleasant, Liverpool, L3 5UZ, UK

Christian L Dunis

Corresponding author

Correspondence to [Christian L Dunis](#).

Appendices

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **[partners](#)**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **[privacy policy](#)** for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

[Table C1](#). Version 2 of the strategy applied to the constituent stocks of the S&P 400 MidCap Index. Decision period is from today's open to today's close and holding period is from today's close to the next day's open. The results are divided into deciles. The first decile contains the worst performing shares during the decision period, the tenth decile the best ones.

Table C1 Application of Version 2 of the strategy to constituents of the S&P 400 MidCap

Appendix D

[Table D1](#). Version 1 of the strategy applied to the constituent stocks of the S&P 500 Index. Decision period is from today's close to the next day's open and holding period from the next day's open to the next day's close. The results are divided

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 [partners](#), also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our [privacy policy](#) for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

- Store and/or access information on a device**
- Personalised advertising and content, advertising and content measurement, audience research and services development**

Accept all cookies

Reject optional cookies

Manage preferences

Table F1 Three different factor models applied to the returns generated by the Version 1 of the strategy applied to the constituent stocks of the S&P 400 MidCap Index. The regressions were only applied to the first decile stocks

Appendix G

Table G1 Three different factor models applied to the returns generated by the Version 2 of the strategy applied to the constituent stocks of the S&P 400 MidCap Index. The regressions were only applied to the first decile stocks

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 [partners](#), also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our [privacy policy](#) for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

- Store and/or access information on a device**
- Personalised advertising and content, advertising and content measurement, audience research and services development**

Accept all cookies

Reject optional cookies

Manage preferences

About this article

Cite this article

Dunis, C., Laws, J. & Rudy, J. Profitable mean reversion after large price drops: A story of day and night in the S&P 500, 400 MidCap and 600 SmallCap Indices. *J Asset Manag* **12**, 185–202 (2011).

<https://doi.org/10.1057/jam.2011.15>

Received

17 September 2010

Issue date

01 August 2011

Revised

17 September 2010

Published

12 May 2011

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **[partners](#)**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **[privacy policy](#)** for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Publish with us

Track your research

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 92 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to [springer.com](https://www.springer.com) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Manage preferences