



Download This Paper (Delivery.cfm/SSRN_ID1749510_code53361.pdf?abstractid=1747345&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN_ID1749510_code53361.pdf?abstractid=1747345&mirid=1&type=2)



Add Paper to My Library

Share:

The Baltic Dry Index as a Predictor of Global Stock Returns, Commodity Returns, and Global Economic Activity

52 Pages

Posted: 25 Jan 2011

Last revised: 29 Feb 2012

Gurdip Bakshi (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=53361)

Fox School of Business; Temple University - Fox School of Business and Management

George Panayotov (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=589453)

Hong Kong University of Science & Technology (HKUST)

Georgios Skoulakis (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=330825)

University of Piraeus - Department of Banking and Financial Management

[There are 2 versions of this paper](#)

Date Written: October 1, 2010

Abstract

The goal of this paper is to show that the growth rate of the Baltic Dry Index (BDI) has predictive ability for a range of stock markets, which is demonstrated through in-sample tests and out-of-sample statistics.

The documented stock return predictability is also of economic significance, as seen by examining the certainty equivalent returns and Sharpe ratios of portfolio strategies that exploit the BDI growth rate. In addition, the BDI growth rate predicts the returns of commodity indexes, and we find some evidence for joint predictability of stock and commodity returns in a system of predictive regressions. Finally, the BDI growth rate predicts the growth in global economic activity, establishing further BDI's role in revealing a link between the real and financial sectors.

Keywords: Baltic Dry Index, global stock markets, commodity returns, global real economic activity

JEL Classification: C23, C53, G11, G12, G13, C5, D24, D34

[Suggested Citation](#) >[Show Contact Information](#) >

Download This Paper (Delivery.cfm/SSRN_ID1749510_code53361.pdf?abstractid=1747345&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN_ID1749510_code53361.pdf?abstractid=1747345&mirid=1&type=2)

91 References

1. A Ang , G Bekaert

Stock return predictability: Is it there

Review of Financial Studies , volume 20 , p. 651 - 707 Posted: 2007

Crossref (https://doi.org/10.1093/rfs/hhl021)

2. N Aruoba , F Diebold , C Scotti

Real-time measurement of business conditions

Journal of Business & Economic Statistics , volume 27 , p. 417 - 427 Posted: 2009

We use cookies that are necessary to make our site work. We may also use additional cookies to analyze, improve, and personalize our content and your digital experience. For more information, see our [Cookie Policy](#) (https://www.elsevier.com/legal/cookiepolicy)

3. M Baker , J Wurgler

The equity share in new issues and corporate stock returns

[Cookie Settings](#)

Accept all cookies

Crossref (https://doi.org/10.1111/0022-1082.00285)

4. G Bakshi , G Panayotov , G Skoulakis
Improving the predictability of real economic activity and asset returns with forward variances inferred from option portfolios
Journal of Financial Economics Posted: 2010
Crossref (<https://doi.org/10.1016/j.jfineco.2011.01.002>)

Load more

0 Citations

Fetch Citations

Do you have negative results from your research you'd like to share?

Submit Negative Results (<https://www.ssrn.com/index.cfm/en/Negative-Results/>)

Paper statistics

DOWNLOADS	2,403
ABSTRACT VIEWS	12,031
RANK	5,816

11 Citations

91 References

PlumX Metrics



(https://plu.mx/ssrn/a/?ssrn_id=1747345)
Related eJournals

Georgetown University McDonough School of Business Research Paper Series (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=1972524)

Follow ⓘ

Capital Markets: Market Microstructure eJournal (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=1504404)

Follow ⓘ

View more >

Recommended Papers

Predictive Regressions (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=205390&rec=1&srcabs=1747345&pos=1)
By Robert F. Stambaugh (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=16921)

Consumption, Aggregate Wealth and Expected Stock Returns (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=169791&rec=1&srcabs=1747345&pos=2)
By Martin Lettau (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=58454) and Sydney C. Ludvigson (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=66250)

Risks for the Long Run: A Potential Resolution of Asset Pricing Puzzles (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=254020&rec=1&srcabs=1747345&pos=3)
By Ravi Bansal (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=51643) and Amir Yaron (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=199642)

View more >

Submit a Paper > (https://hq.ssrn.com/submissions/CreateNewAbstract.cfm)

- SSRN Quick Links
- SSRN Rankings
- About SSRN

f

(https://www.facebook.com/SSRNcommunity/)

in

(https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3A0)

🐦

(https://twitter.com/SSRN)

(http://www.elsevier.com/)

Copyright (https://www.ssrn.com/index.cfm/en/dmca-notice-policy/) Terms and Conditions (https://www.ssrn.com/index.cfm/en/terms-of-use/) Privacy Policy (https://www.elsevier.com/legal/privacy-policy)

All content on this site: Copyright © 2023 Elsevier Inc., its licensors, and contributors. All rights are reserved, including those for text and data mining, AI training, and similar technologies. For all open access content, the Creative Commons licensing terms apply.

We use cookies to help provide and enhance our service and tailor content.

To learn more, visit [Cookie Settings](#).

(http://www.relx.com/)

(https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true)