



A nonparametric test for abnormal security-price performance in event studies ☆

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Abstract

This paper evaluates a new nonparametric rank test for abnormal security-price performance in event studies. Simulations with daily security-return data show that the rank test is better specified under the null hypothesis and more powerful under the alternative hypothesis than the parametric t -test. Unlike previous nonparametric tests, this rank test does not require symmetry in cross-sectional excess returns distributions for correct specification.

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