Original Articles

Alternative beta risk estimators in cases of extreme thin trading: Canadian evidence

Robert D. Brooks, Robert W. Faff ✉, Tim R. L. Fry & E. Bissoondoyal-Bheenick

66 Cite this article   ☑ https://doi.org/10.1080/09603100500396585

📄 Full Article   🖼 Figures & data   📖 References   66 Citations   📊 Metrics

🖨 Reprints & Permissions   Read this article   ◄ Share

Abstract

In this pa   anadian
stocks is   pplied to a
set of da
extreme   model,
which is
com   standard
OLS bet   ected beta
does co   ble
statistica

Acknowledgment

Notes

[1] Several other beta estimation procedures have been proposed to combat thin trading problems: for example, Marsh ([1979](#)), Cohen et al. ([1983a](#), [b](#)) and Fowler et al. ([1989](#)).

[2] To run the Dimson estimator with two leads and two lags of the market return with a selectivity correction requires a minimum of seven non-zero returns in the sample of 253 observations.

[3] Details are available from the authors upon request.

[4] See for example, Karpoff ([1987](#)), Gallant et al. ([1992](#)) and Hiemstra and Jones ([1994](#)).

[5] This second step regression has heteroscedastic errors and, thus, should be estimated by generalised least squares. However, an ordinary least squares estimation will still yield consistent and unbiased estimators.

[6] It should be noted however, that the censoring category between 80 and 90% shows a high market value (size) of C\$ 60 million and a high trading volume of 124 000 shares. This can be explained due to the fact we have only one firm falling in this category (Viventia

Related

An ar

S

Linkir

Relate