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Have leveraged and traditional ETFs impacted the volatility of real estate stock prices?

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slightly more than a 70% increase in volatility, while the leveraged ETFs linked to the Russell 1000 Financial Services Index, having induced a 50% increase in volatility, were third. The increased volatility could not be attributed to any other external event.

Keywords:

ETFs REITs volatility real estate

JEL Classification::

G10 G12 G13 G14

Notes

¹ See ProShares press release, <http://www.proshares.com/resources/news/1830296.html>.

² See ETF Database, <http://etfdb.com/compare/volume/>.

³ While XLF, Financial Select Sector Standard & Poor's Depository Receipts (SPDR), was the first

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⁷ See Dechow et al. (2004) for a discussion of the role of ETFs.

⁸ See the Federal Reserve Board Regulations, <http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=22f04e11d03377527cd5eabe69b90053;rgn=div8;view=text;node=12%3A3.0.1.1.1.0.1.12;idno=12;cc=ecfr>, which states ‘The required margin for each security position held in a margin account shall be. . . 50 percent of the current market value of the security or the percentage set by the regulatory authority where the trade occurs, whichever is greater’.

⁹ See ProShares press release, <http://www.proshares.com/resources/news/1830296.html>.

¹⁰ See FINRA press release, <http://www.finra.org/web/groups/industry/@ip/@reg/@notice/documents/notices/p119906.pdf>.

¹¹ See SEC press release, <http://www.sec.gov/news/press/2010/2010-45.htm>.

¹² See Reuters 29 March 2010 news report ‘Finra eyes new rules for ETF products’, <http://www.reuters.com/article/idUSTRE62S4H520100329>.

¹³ See US SEC press release, <http://www.sec.gov/investor/pubs/leveragedetfs-alert.htm>.

¹⁴ See D. . . free, creation, . . .

¹⁵ 66 sec . . . d IYR. One company . . . over the sample p . . . of 128 trading c . . . F group introduc . . . short sample period . . . nfoundi the fir . . .

¹⁶ 78 sec . . . d IYR. This entire sa . . . as available on all 78 . . .

¹⁷ The M . . . benchmark indices k . . . mann and Verhofen ([2006](#)).

¹⁸ It should be noted that algorithm is converged for 270 out of the 283 stocks (94.4%) examined in Groups 1 to 4.

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