Seminar in Financial Markets
FSS 2026

UNIVERSITY OF MANNHEIM
Business School

Chair of Finance – Prof. Dr. Erik Theissen

AACSB ACCREDITED · EFMD EQUIS ACCREDITED · ASSOCIATION OF MBAS ACCREDITED

Chair of Finance

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- **Address:**
  - L 9, 1-2
  - Secretary: third floor (“3. OG“)
  - Assistants: second, fourth, and fifth floor
- **Office hours:**
  - By appointment
  - General questions: Please visit our homepage first
- **Research:**
  - Market Microstructure
  - Empirical Asset Pricing
  - Blockchain & Cryptocurrency

Assignment of Seminar Topics

- **Prerequisites:**
  - We recommend CC 502 Applied Econometrics as a prerequisite.
  - One core course (FIN 5XX) from the Area “Banking, Finance, and Insurance”.
  - Please note that a FIN 6XX course is not (!) enough.

- The assignment of topics is carried out jointly by the chairs of the Area “Banking, Finance, and Insurance”.

- Assignment of topics will be based on your grades in the Area “Banking, Finance, and Insurance” and your priority list.

Time Schedule

- **Application period:**
  - Thursday, 27.11.2025 – Sunday, 14.12.2025
- **Topics Allocation Announcement and Starting Date:**
  - Monday, 05.01.2026
- **Submission deadline:**
  - Monday, 02.03.2026 (8 weeks)
- **Seminar presentations**
  - Thursday, 05.03.2026 + Friday, 06.03.2026 (in person)

Stata and Database Tutorials

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FIN 604 – Stata in Finance

- Short crash course on how to write an empirical paper using Stata and the databases offered at the University of Mannheim

- **Next date:**
  - Thursday, 08.01.2026 – Tuesday, 13.01.2026 (no lecture on the weekend)

- **Registration:**
  - For participation in class, please join the Ilias group. To participate in the exam, in addition registration for the exam in Portal2 is necessary.

- **Further information is available under the following link:**

https://www.bwl.uni-mannheim.de/theissen/lehre/masterlehre/fin-604-stata-in-finance/

Guide to Scientific Writing

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- **An information sheet on writing a seminar paper or a master thesis is provided on our website:**

https://www.bwl.uni-mannheim.de/media/Lehrstuehle/bwl/Theissen/Lehre/Guidelines_Masterthesis_2022.pdf/flipbook

Important Remarks

- **Plagiarism policy:**
  - Your seminar thesis will be analyzed by plagiarism detection software (Turnitin).
  - Our chair has a **zero-tolerance policy** regarding plagiarism.
  - Students who submit plagiarized work will be graded with 5.0.

- **Language quality:**
  - Grading of your seminar thesis takes also into account the language quality.
  - Linguistic shortcomings negatively impacts your final grade.
  - The seminar thesis can be either written in English or German.

- **Literature in foreign languages:**
  - Please only include literature that is written either in English or German.

Data Storage

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- **Disclaimer:**
  - You are responsible for your data. It can always happen that your computer breaks down, is stolen, or damaged in any other way. However, you are responsible for having a backup of your thesis and your progress. Please make sure that you have enough backups. There will be no extensions of the deadline. (Even if we were willing to grant you an extension of the deadline, we are not allowed to.)

- **Backups:**
  - Mail
  - Dropbox
  - USB drive/external hard drive
  - Cloud
  - …

T1. Beta Estimates and Return Prediction

Prof. Dr. Erik Theissen

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Topic Description

Betas can be estimated using different data frequencies (e.g. daily, weekly, monthly) and different sample length. Previous papers (e.g. Gilbert et al. 2014, Hollstein et al. 2019) have given different recommendations in that respect. The task of this paper is to implement a set of reasonable alternatives using the CRSP data base. These alternatives should then be evaluated. The criterion for the evaluation should be (different from the prior literature) the ability of the various beta estimation approaches to predict returns out of sample (e.g. one-month or 12-months-ahead predictions).

Requirements

The empirical work requires the use of large databases (i.e. CRSP). The databases are readily accessible for affiliates of the University of Mannheim. The candidate should feel comfortable in the use of appropriate software (such as STATA, R or Python) and econometric methods.

Starting Reference

- Gilbert, T., C. Hrdlicka, J. Kalodimos and S. Siegel (2014): Daily Data is Bad for Beta: Opacity and Frequency-Dependent Betas. Review of Asset Pricing Studies 4, 78-117.
- Hollstein, F., M. Prokopczuk and C. Wese-Simen (2019): Estimating Beta: Forecast Adjustments and the Impact of Stock Characteristics for a Broad Cross-Section. Journal of Financial Markets 44, 91-118.

T2. ESG and Informational Efficiency

Prof. Dr. Erik Theissen

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Topic Description

A recent paper (Avramov et al. 2025) develops the idea that "green stocks" receive more attention from investors, implying that more information is produced on these firms. Consequently, their prices should be more informative.

The objective of this paper is to test this hypothesis empirically using U.S. data. The measure of informativeness can be based on Hou and Moskowitz (2005); ESG ratings data from MSCI is available. The analysis should take into account other firm-.specific variables that may affect price informativeness.

Note:

You will not have to describe the formal theoretical model in Avramov et al. (2025).

Requirements

The empirical work requires the use of large databases (i.e. CRSP and the ESG ratings data). CRSP is readily accessible for affiliates of the University of Mannheim, the MSCI data will be made available. The candidate should feel comfortable in the use of appropriate software (such as STATA, R or Python) and econometric methods.

Starting References

- Avramov, D., S. Cheng and A. Tarelli (2025): Active Fund Management when ESG Matters. Journal of Banking and Finance, forthcoming.
- Hou, K. and T. Moskowitz (2005): Market Frictions, Price Delay, and the Cross-Section of Expected Returns. Review of Financial Studies 18, 981-1020.

T3. Timing-varying Idiosyncratic Volatility

Ziheng Sun

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Topic Description

- Idiosyncratic volatility (IVOL) measures the volatility of the residuals obtained from the standard CAPM pricing model. The literature on IVOL primarily branches into two main directions: (i) the IVOL puzzle and (ii) time-varying IVOL, which may exhibit either trending or episodic patterns. This project focuses on the latter.
- Campbell, John Y., et al. (2001) propose a disaggregated approach to studying the volatility of equity returns and document strong evidence of a positive deterministic trend in firm-level idiosyncratic volatility. In contrast, Brandt, Michael W., et al. (2010) and Bekaert, Geert, et al. (2012) find no long-term trend but rather episodic phenomenon in firm-level idiosyncratic volatility.
- In this seminar thesis, the student aims to (i) examine the time-varying behavior of IVOL by extending the sample period of previous studies up to the present, and (ii) investigate the underlying factors that drive IVOL to exhibit either trending or episodic dynamics.

Requirements

- The empirical work requires the use of large databases or financial software (e.g., WRDS and LSEG). These databases are readily accessible to the University of Mannheim affiliates. Proficiency in basic programming skills (R, Stata, or Python) is required.

T3. Timing-varying Idiosyncratic Volatility

Ziheng Sun

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Starting References

- Campbell, John Y., et al. "Have individual stocks become more volatile? An empirical exploration of idiosyncratic risk." The journal of finance 56.1 (2001): 1-43.
- Brandt, Michael W., et al. "The idiosyncratic volatility puzzle: Time trend or speculative episodes?." The Review of Financial Studies 23.2 (2010): 863-899.
- Bekaert, Geert, Robert J. Hodrick, and Xiaoyan Zhang. "Aggregate idiosyncratic volatility." Journal of Financial and Quantitative Analysis 47.6 (2012): 1155-1185.

Supplementary Materials:

- Campbell, John Y., et al. "Idiosyncratic equity risk two decades later." (2022).
- Kumar, Alok. "Who gambles in the stock market?." The journal of finance 64.4 (2009): 1889-1933.
- Stambaugh, Robert F., Jianfeng Yu, and Yu Yuan. "Arbitrage asymmetry and the idiosyncratic volatility puzzle." The Journal of Finance 70.5 (2015): 1903-1948.

T4. Cointegration in Stock Markets

Ziheng Sun

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Topic Description

- Cointegration depicts a long-run equilibrium relationship between two or more time series. That is, any deviations from the long-run equilibrium are temporary, mean-reverting, and bounded.
- Many have asserted that in an efficient market, cointegration should not exist, as it implies the existence of arbitrage opportunities which are precluded by the Efficient Market Hypothesis (Fama, 1970). However, Gerald & Wallace (1992) have proved that cointegration and market efficiency can coexist with no arbitrage not violated and empirical evidence has shown the presence of cointegration in the financial markets (see, for example, Hasbrouck, 1995).
- In this seminar thesis, the student aims to cointegration, Lead-Lag relationships, and return predictability in (international/domestic) equity markets.

Requirements

- The empirical work requires the use of large databases or financial software (e.g., WRDS and LSEG). These databases are readily accessible to the University of Mannheim affiliates. Proficiency in basic programming skills (R, Stata, or Python) is required.

T4. Cointegration in Stock Markets

Ziheng Sun

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Starting References

- Bossaerts, Peter. "Common nonstationary components of asset prices." Journal of Economic Dynamics and Control 12.2-3 (1988): 347-364.
- Dwyer Jr, Gerald P., and Myles S. Wallace. "Cointegration and market efficiency." Journal of International Money and Finance 11.4 (1992): 318-327.
- Hasbrouck, Joel. "One security, many markets: Determining the contributions to price discovery." The journal of Finance 50.4 (1995): 1175-1199.

Supplementary Materials:

- Al Nasser, Omar M., and Massomeh Hajilee. "Integration of emerging stock markets with global stock markets." Research in International Business and Finance 36 (2016): 1-12.
- Kwon, Chung S., and Tai S. Shin. "Cointegration and causality between macroeconomic variables and stock market returns." Global finance journal 10.1 (1999): 71-81.
- Khan, Taimur A. "Cointegration of international stock markets: An investigation of diversification opportunities." Undergraduate Economic Review 8.1 (2011): 7.

T5. Trade Policy Uncertainty and the Cross-Section of Stock Returns

Daniel Weiß

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Topic Description

- Since the 2016 U.S. presidential election, trade policy uncertainty (TPU) – uncertainty surrounding changes in tariffs or trade agreements – has become a significant driver of overall economic uncertainty given the real effects of a more restrictive trade regime. This seminar thesis explores how fluctuations in TPU affect asset prices providing insights into how trade policy shapes financial markets.
- Caldara et al. (2020) provide a monthly news-based index on TPU that can be used to measure a stock's sensitivity to changes in TPU.
- The goal of this seminar thesis is to briefly review the literature on this topic and to conduct an empirical analysis. In the empirical part, the student should analyze the returns and characteristics of stocks that have high or low exposure to TPU and construct and test a TPU asset pricing factor. Treepongkaruna et al. (2023) who analyze stocks for another type of policy uncertainty can serve as inspiration for the empirical analysis.

Requirements

The empirical work requires the use of large databases (i.e., CRSP, Compustat). The databases are readily accessible for affiliates of the University of Mannheim. The candidate should feel comfortable in the use of a statistical software program (i.e., STATA, R) and econometric methods.

Starting References

- Baker, S. R., Bloom, N., & Davis, S. J. (2016). Measuring economic policy uncertainty. *The Quarterly Journal of Economics*, *131*(4), 1593-1636.
- Caldara, D., Iacoviello, M., Molligo, P., Prestipino, A., & Raffo, A. (2020). The economic effects of trade policy uncertainty. *Journal of Monetary Economics*, *109*, 38-59.
- Handley, K., & Limão, N. (2022). Trade policy uncertainty. *Annual Review of Economics*, *14*(1), 363-395.
- Pastor, L., & Veronesi, P. (2012). Uncertainty about government policy and stock prices. *The Journal of Finance*, *67*(4), 1219-1264.
- Pástor, Ľ., & Veronesi, P. (2013). Political uncertainty and risk premia. *Journal of Financial Economics*, *110*(3), 520-545.
- Treepongkaruna, S., Chan, K. F., & Malik, I. (2023). Climate policy uncertainty and the cross-section of stock returns. *Finance Research Letters*, *55*, 103837.

Data on Trade Policy Uncertainty Index: https://www.matteoiacoviello.com/tpu.htm

T6. Revisiting the Post-Revision-Drift

Daniel Weiß

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Topic Description

- A large body of literature has analyzed the role of financial analysts as information providers and the corresponding asset pricing implications including Post-Revision-Drift (PRD): The empirical observation that future stock returns tend to drift in the same direction as an analyst‘s recommendation change.
- Altınkılıç et al. (2016) re-examine PRD and find that the effect virtually vanishes post-2003. They argue that the introduction of supercomputers and high-frequency trading produces this observation due to a reduction in trading costs speaking in favor of higher market efficiency and limiting the importance of analysts as information providers in the digital age. However, their sample period ends in 2010 and current research on PRD is rather scarce. If their transaction cost-argument holds, one should not expect a significant PRD in recent years.
- The goal of this seminar thesis is to provide a brief literature review on this topic and to replicate the main analysis of Altınkılıç et al. (2016) including an updated sample period.

Requirements

The empirical work requires the use of large databases (i.e., I/B/E/S, CRSP). The databases are readily accessible for affiliates of the University of Mannheim. The candidate should feel comfortable in the use of a statistical software program (i.e., STATA, R) and econometric methods.

Starting References

- Altınkılıç, O., Hansen, R. S., & Ye, L. (2016). Can analysts pick stocks for the long-run?. *Journal of Financial Economics*, *119*(2), 371-398.
- Barber, B., Lehavy, R., McNichols, M., & Trueman, B. (2001). Can investors profit from the prophets? Security analyst recommendations and stock returns. *The Journal of Finance*, *56*(2), 531-563.
- Bradley, D., Clarke, J., Lee, S., & Ornthanalai, C. (2014). Are analysts' recommendations informative? Intraday evidence on the impact of time stamp delays. *The Journal of Finance*, *69*(2), 645-673.
- Daniel, K., Grinblatt, M., Titman, S., & Wermers, R. (1997). Measuring mutual fund performance with characteristic-based benchmarks. *The Journal of Finance*, *52*(3), 1035-1058.
- Fama, E. F. (1970). Efficient capital markets. The *Journal of Finance*, *25*(2), 383-417.
- Grossman, S. J., & Stiglitz, J. E. (1980). On the impossibility of informationally efficient markets. *American Economic Review*, *70*(3), 393-408.
- Kothari, S. P., So, E., & Verdi, R. (2016). Analysts' forecasts and asset pricing: A survey. *Annual Review of Financial Economics*, *8*(1), 197-219.
- Loh, R. K., & Stulz, R. M. (2011). When are analyst recommendation changes influential? *The Review of Financial Studies*, *24*(2), 593-627.
- Stickel, S. E. (1992). Reputation and performance among security analysts. *The Journal of Finance*, *47*(5), 1811-1836.

Topic Description

- Empirical evidence has been presented that share issuers underperform. Recent international evidence further reinforces the importance of benchmark choice and firm characteristics in long-run event studies (Bessembinder et al., 2025).
- Previous literature shows that firm characteristics have significant explanatory power for the cross-section of stock returns in the US.
- The task of the seminar thesis is
  - to examine whether the long-term stock returns calculated by the buy-and-hold abnormal return approach and the calendar time portfolio approach following IPOs are consistent in the German market.
  - to use the characteristic-based benchmark proposed by Bessembinder and Zhang (2019) to evaluate IPO firm stock returns
- The empirical work requires the use of large databases (i.e. LSEG Workspace. The candidate should feel comfortable in the use of Stata and econometric methods.

Starting References

- Bessembinder, H., Cooper, M. J., & Zhang, F. (2019). Characteristic-based benchmark returns and corporate events. *The Review of Financial Studies*, 32(1), 75-125.
- Bessembinder, H., & Zhang, F. (2013). Firm characteristics and long-run stock returns after corporate events. *Journal of Financial Economics*, 109(1), 83-102.
- Gandolfi, G., Regalli, M., Soana, M. G., & Arcuri, M. C. (2018). Underpricing and long-term performance of IPOs: Evidence from European intermediary-oriented markets. *Economics, Management & Financial Markets*, 13(3).
- Bessembinder, H., Cooper, M. J., Jiao, W., & Zhang, F. (2025). Long-run post-event returns in global stock markets. *Journal of International Business Studies*, 1-20.

T8. Policy uncertainty and corporate long-term investment
Mengnan Wu

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Topic Description

- A central insight from recent research is that firms reduce long-term, irreversible investment when facing volatile or unpredictable regulatory environments. Wang et al. (2026) show that weather-driven fluctuations in environmental policy enforcement increase firms' perceived policy uncertainty, which significantly depresses green R&D investment.
- China's staggered introduction of the corporate Social Credit System provides a quasi-experimental setting to examine how firms respond to changes in the transparency and predictability of firm-level regulatory enforcement.
- The seminar thesis is expected to study how the introduction of SCS pilot city affects firm behavior, such as long-term investment, using a difference-in-differences (DiD) research design. The analysis should further evaluate whether uncertainty-sensitive firms respond more strongly to the introduction of SCS.
- The project requires basic econometrics skills and comfort with Stata and panel data. CSMAR data will be provided by the thesis supervisor.

Starting References

- Gulen, H., & Ion, M. (2016). Policy uncertainty and corporate investment. *The Review of financial studies*, 29(3), 523-564.
- Wang, M., Wurgler, J., & Zhang, H. (2026). Policy uncertainty reduces green innovation. *Journal of Financial Economics*, 175, 104189.
- Zhang, B., Chen, X., & Guo, H. (2018). Does central supervision enhance local environmental enforcement? Quasi-experimental evidence from China. *Journal of Public Economics*, 164, 70-90.