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Companies' market value drivers
An analysis of the Dow Jones components: 1999-2016

Over the last decades literature has produced numerous studies trying to investigate the relationships between the listed companies' fundamentals and their stock price movements, most of the time using market and macroeconomic factors as well. With respect to the Dow Jones components, in this paper I tested several models with the aim of finding the one able to fit for each company, with no specific estimates of the parameters. Running random effect panel data models, I find that the most effective one relies on the companies' book values (over the current and previous period) and, considering the entire companies' set, on the average of both market values and book values as well. The quadratic shape of the final model introduces some interesting financial implications, and specific econometric tests tend to suggest that a better choice of companies' subsets (sectors) has to be made. This can also ensure a remarkable improvement in performance.

Date: Wednesday May 31st 2017
Time: 2:00pm
Room: Mackinnon 720