Using SAS in Financial Research

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List price: 23.95USD

182 pages

Order No.: 57601

ISBN: 1-59047-039-7

Year: 2002

Description:

Researchers, graduate students, and practitioners in the financial market now have the first reference-style handbook detailing the mechanics of statistical testing on financial and accounting data. This one-of-a-kind book illustrates how to use SAS software to conduct basic empirical analyses of stock market and financial statement data. It covers various research topics, including investigating the predictability of stock returns, estimating the risk of common stock, and analyzing the impact of earnings and other financial statement information. The use of the SAS language to investigate these issues is demonstrated with numerous real-world examples employing traditional to state-of-the-art analytical estimation techniques. Main topics covered are variance ratio testing, capital asset pricing model, event studies, value versus growth, earnings response coefficients, and microstructure analysis. Readers will find the merging of theoretical and practical concepts unique and informative. The format of this book enables users to go directly to the research tools and techniques required by the task at hand. In addition, a line-by-line discussion of all SAS code is provided, enabling users to interpret all variables and syntax easily.

SAS Products: Base SAS, SAS/EIS, SAS/GRAPH, SAS/IML, SAS/INSIGHT, SAS/OR, SAS/STAT

Releases: 8.2, 8.1, 8.0, 7.00, 6.12, 6.11

Operating Systems: CMS, OS/390, UNIX, OpenVMS Alpha, Windows

As stated in the above description, this SAS book by users is for knowledgeable researchers, graduate students and financial practitioners. The authors do an excellent presentation introducing their audience how to use SAS to analyze 10 specific examples of financial topics:

Chapter 2 - Random Walking or Walking Randomly: Using SAS to Conduct Variance Ratio Testing of Asset prices
Chapter 3 – Analyzing Winners and Losers: Using SAS to test the Overreaction Hypothesis
Chapter 4 – Cross-Sectional approach to the empirical test of the Capital Asset Pricing Model
Chapter 5 – Event Studies
Chapter 6 – Effective Use of SAS Macros: An application to event studies
Chapter 7 – Association types of Studies: Investigating the Price-Earnings Relationship
Chapter 8 – Predicting Bankruptcy from Financial Distress Characterization Models
Chapter 9 – Using Accounting information to Forecast Market Performance
Chapter 10 – Analysis of Transaction Data

It was refreshing to find the authors provided a summary of each example's topic explaining the output from the various SAS PROCs used and the statistical interpretation with respect to the hypothesis

being tested in simple to understand language. In addition, the actual SAS code is listed, highlighted and illustrated in such a way as to make it easy for people to start using SAS quickly and easily to do their financial and statistical analysis.

Being an applied mathematician and statistician but with no formal education and limited experience in economics or the Stock Market, I found the book enlightening to some of the inner philosophies of Economics and Stock Market Trading Practices. And for those people involved in such careers and having to perform financial research, I would highly recommend this book as a valuable asset to their financial tools, especially in the early stages of their careers when most have to perform such analysis using computer software to perform the statistical analyzes.

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