

Paper Accepted by The Accounting Review –

Prof. Jeong-Bon Kim and Dr. Yangxin Yu

Prof. Jeong-Bon Kim (Chair Professor and Head) and Dr. Yangxin Yu (Associate Professor) have had a paper accepted for publication in The Accounting Review, one of the top three journals in accounting studies.

Their paper is entitled “Analyst Coverage and Expected Crash Risk: Evidence from Exogenous Changes in Analyst Coverage.” Using brokerage mergers and closures as two sources of exogenous shock to analyst coverage, the paper explores the causal effects of analyst coverage on ex ante expected crash risk as captured by the options implied volatility smirk. The paper finds a significant increase in a firm’s ex ante expected crash risk subsequent to an exogenous drop in analyst coverage. The results suggest that investors in the options market do recognize analysts as important information intermediaries and monitors, and that analyst coverage thus influences the underlying stock’s expected crash risk.

Please visit The Accounting Review’s website for more details.

<https://aaajournals.org/doi/abs/10.2308/accr-52280>