



## **Research Seminar Series**

**Thursday, May 7<sup>th</sup>, 2009**

**Time: 16:00 - 18:00, Room 013**

### **Seminar Title**

# **"What Does Equity Sector Orderflow Tell Us about the Economy?"**

**Alessandro Beber**

**As. Professor, Amsterdam Business School, NL**

### **Summary**

Investors rebalance their portfolios as their views about expected returns and risk change. We use empirical measures of portfolio rebalancing to back out investors' views, specifically their views about the state of the economy. We show that aggregate portfolio rebalancing across equity sectors is consistent with sector rotation, an investment strategy that exploits perceived differences in the relative performance of sectors at different stages of the business cycle. The empirical foot-print of sector rotation has predictive power for the evolution of the economy, future stock market returns, and future bond market returns, even after controlling for relative sector returns. Contrary to many theories of price formation, trading activity therefore contains information that is not entirely revealed by resulting relative price changes.

**Alessandro Beber** is an Associate Professor at the University of Amsterdam Business School. He received his PhD in Economics and Management from the St. Anna School of Advanced Studies, Italy and his Laurea (Summa cum Laude) in Economics from the University of Trento, Italy in 1997. He was also a visiting PhD in the Wharton School, University of Pennsylvania, US. His research interests include empirical asset pricing, derivatives, market microstructure and corporate risk management.