

Two Centuries of Value and Momentum 1800-2014

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Knowledge @ Wharton

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Value of Long Term Data

- ▶ *“The reasons for covering as long a time period as we can with consistent methods should be obvious at this time. Historical data show the kinds of human experience that have taken place, and, perhaps, their relative frequencies. But each period also has its own special features. To ignore all data from the 1920s, 1930s, and early 1940s in estimating the riskiness of investments in common stock—as many did in the late 1960s—now appears to be foolhardy. Older data could be ignored safely only if risk were much better understood.”*

- Lawrence Fisher, James Hirsch Lorie (Founders of CRSP), “A half century of returns on stocks and bonds: rates of return on investments in common stocks and on U.S. Treasury securities, 1926-1976” - University of Chicago Graduate School of Business, 1977

Recent Long Run Studies

- ▶ ABN-Amro (2008) Momentum in the Top 100 UK stocks (1900-2007)
- ▶ Chabot, Ghysels and Jagannathan (2008) - Victorian England (1866-1907)
- ▶ Hurts, Ooi, Pedersen (2012) - Trend following (1880-2013)
- ▶ Geczy, Samonov (2013) - U.S. Stocks (1801-2012)
- ▶ Szakmary, Zhou (2013) - Industry Momentum (1871-2021)
- ▶ Lempérière, Deremble, Seager, Potters, and Bouchaud (2014) - Trend since 1800
- ▶ Greyserman, Kaminski (2014) - Trend (1223 - 2013)
- ▶ Geczy, Samonov (2015) - Multi-Asset (1800-2014)
- ▶ Goetzmann and Huang (2015) - Imperial Russia (1865-1914)
- ▶ Distis (2016) - Option Pricing Methods in the Late 19th Century
- ▶ Levine, Ooi, Richardson (2016) - Commodity Futures Returns (1877-2015)
- ▶ Wahal (2016) - The Profitability and Investment Premium: Pre-1963 Evidence (1940-1963)
- ▶ Geczy, Samonov (2017) - Value and Momentum Over the Long-Run (in progress)
- ▶ Geczy, Samonov (2017) - Commodity Futures Premia Over the Long-Run (in progress)

"Two Centuries of Value and Momentum 1800-2014"

Asset Class	Ave # of Assets	From	To	Value			Momentum		
				Top (cheap)	Bottom (expensive)	Top-Bottom	Top	Bottom	Top-Bottom
Country Currencies	27	1800	2014	0.6%	-1.2%	1.8%	2%	-3%	5.2%
Country Equities	13	1800	2014	16.0%	9.8%	5.7%	15%	7%	8.1%
Country Bonds	17	1800	2014	11.2%	3.4%	7.5%	9%	6%	2.8%
Commodity Futures	15	1877	2014	9.4%	-0.8%	10.4%	11%	-1%	12.0%
U.S. Industries	38	1871	2014	14.7%	10.2%	4.2%	16%	9%	6.5%

Currencies

Data: GFD Currency Exchange Rates and Short Term interest rates for 48 Currencies vs USD.

Value: Short Rate of Foreign currency vs USD Rate (Short Carry).

Momentum: $t-12$ to $t-2$ excess return.

Date Range: 1800 - 2014.

Country Equities

Data: GFD Country Equity Total Local Returns for 47 Countries.

Value: Country Equity Dividend Yields.

Momentum: $t-12$ to $t-2$ total return.

Date Range: (1800 - 2014) (1871 for Value)

Country Bonds

Data: GFD Country 5-10Y Government Bond Total Return for 43 Countries.

Value: Bond Yield (Long Carry).

Momentum: $t-12$ to $t-2$ total return.

Date Range: 1800 - 2014.

Commodity Futures

Data: CBOT and WSJ hand collected data for 15 commodity futures + Bloomberg / DataStream

Value: $t-60$ to $t-12$ change in spot price (near term unrolled future) (Mean Reversion).

Momentum: $t-12$ to $t-2$ excess return (rolled near term future).

Date Range: 1877 - 2014.

U.S. Industries

Data: Cowles Data for 68 Industries + Fama French Industry Data

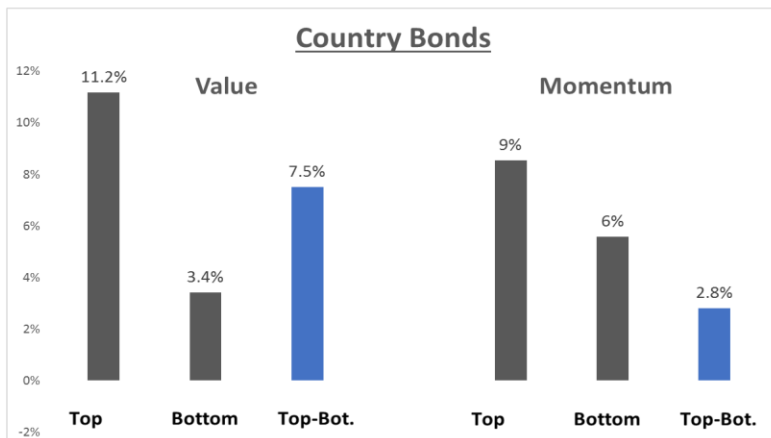
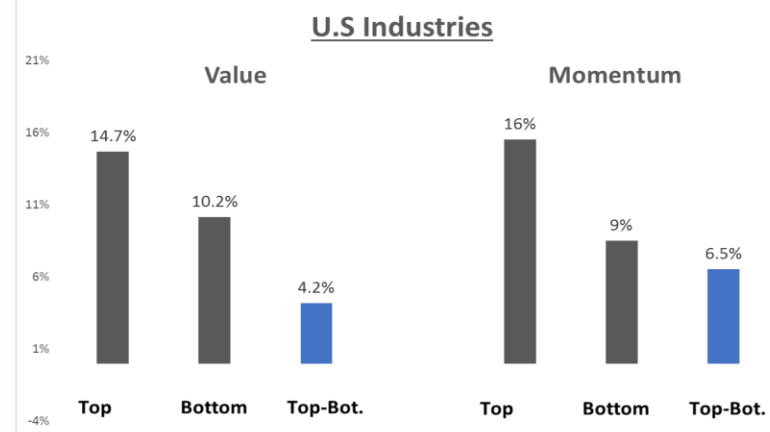
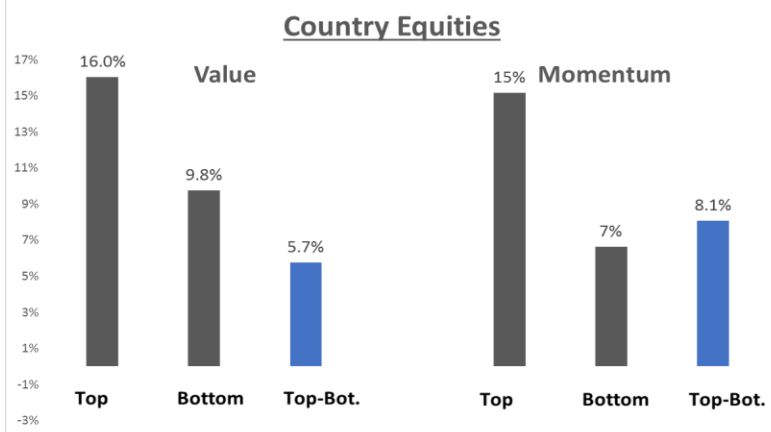
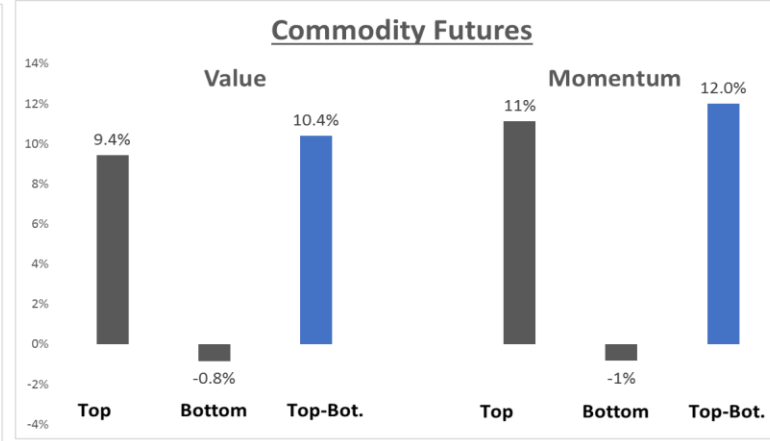
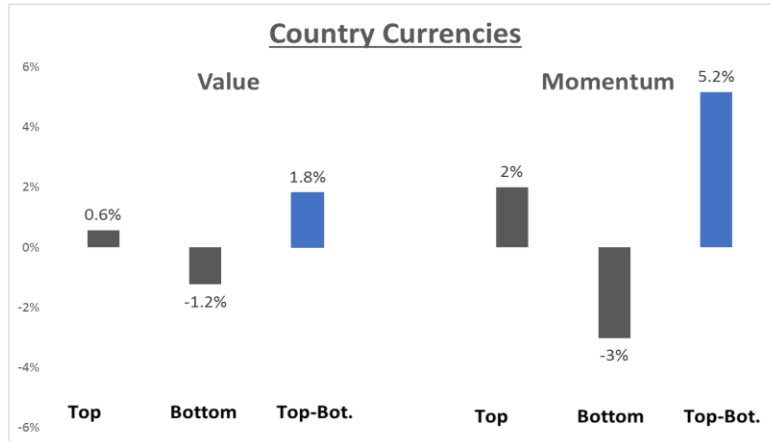
Value: PE Ratios (Cowles) + PB Ratios (Fama French).

Momentum: : $t-12$ to $t-2$ total return

Date Range: 1871 - 2014.

Results are based on "Two Centuries of Price-Return Momentum" (FAJ 2016), "Two Centuries of Multi-Asset Momentum" (2017 SSRN), "Commodity Futures Premia Over the Long Run" (Geczy, Samonov 2017 in progress), and "Two Centuries of Value and Momentum" (Geczy, Samonov 2017 in progress).

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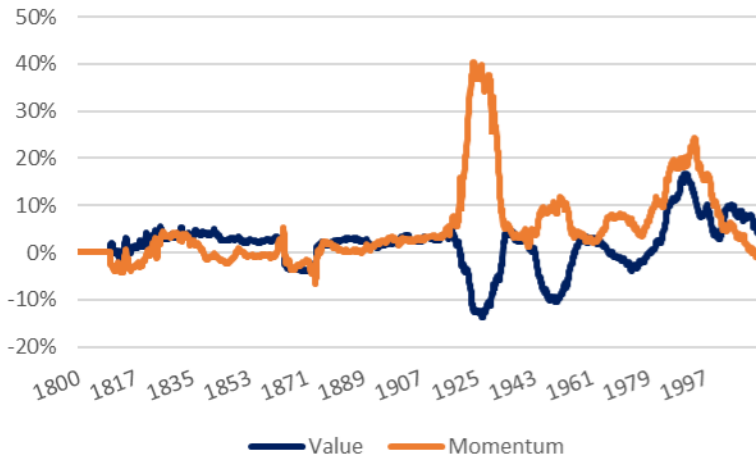
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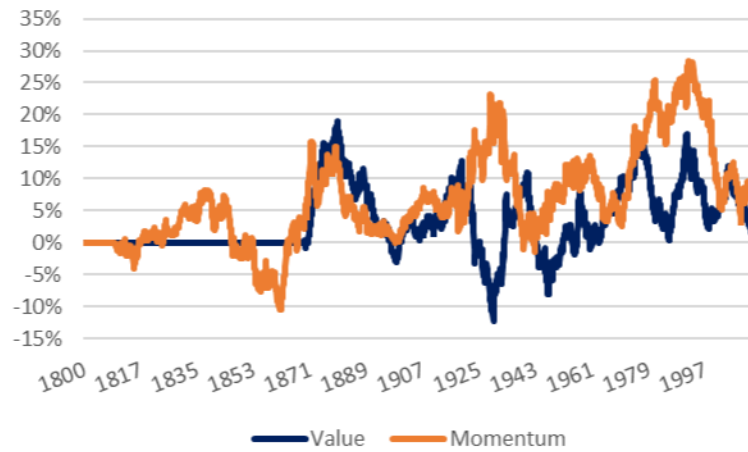
Currencies

(10 year rolling long short return)



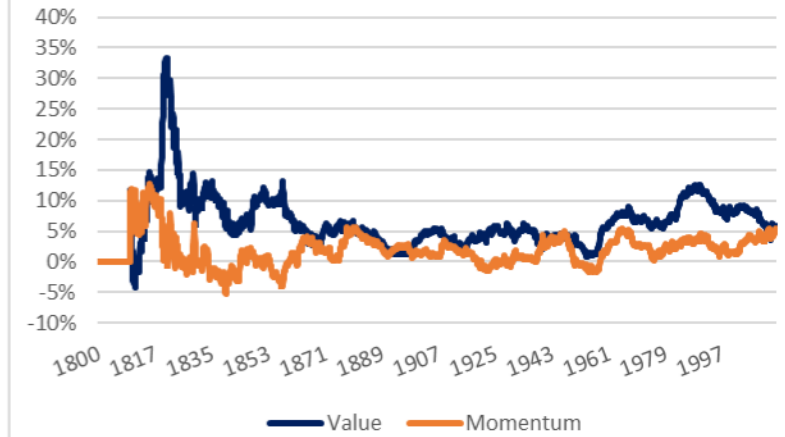
Equities

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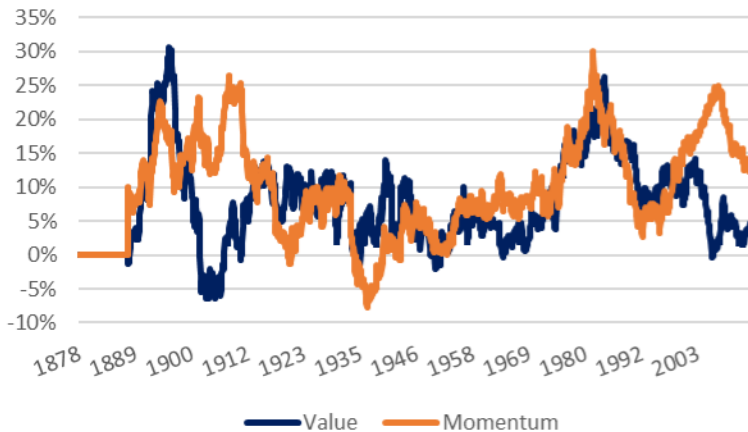
Bonds

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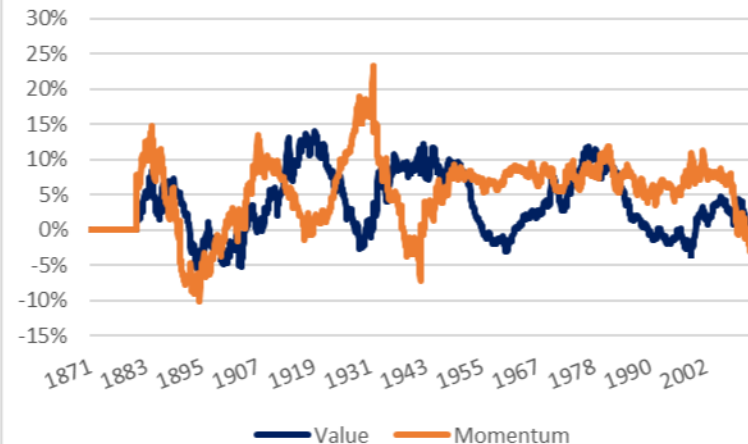
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