



“Media-Based Merger Arbitrage”

(in English)



Dr. Matthias Buehlmaier
Assistant Professor of Finance
Faculty of Business and Economics
The University of Hong Kong

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Abstract:

Although merger arbitrage is a major hedge fund investment strategy and the financial media is an important channel for information dissemination, little is known about the role of the media in merger arbitrage. Merger arbitrage differs from textbook arbitrage because it is a risky bet on one firm successfully "swallowing" another firm. This paper investigates how the odds and the profitability of this bet depend on the media. Using comprehensive data on media content and merger transactions, this paper documents a major stock market efficiency: even after two weeks, merger arbitrage returns do not fully incorporate media-based information. This result is consistent with slow-moving real information.

Biography:

Matthias Buehlmaier is assistant professor of finance at The University of Hong Kong. His research interests include mergers and acquisitions, the role of media in finance, and financial contracting/security design. In particular, his research investigates how people use information to improve their decision making to obtain better outcomes.

All Are Welcome