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**Fields of Concentration:**

Empirical Asset Pricing  
Behavioral Finance

**Desired Teaching:**

Finance  
Behavioral Finance

**Comprehensive Examinations Completed:**

May 2007 (Oral) Finance (*with distinction*) and Econometrics  
May 2006 (Written) Microeconomic and Macroeconomic Theory (*with distinction*)

**Dissertation Title:** *Essays in Empirical Asset Pricing*

**Committee:**

Professor Nicholas Barberis  
Professor Robert Shiller  
Professor James Choi

**Expected Completion Date:** May 2009

**Degrees:**

Ph.D., Economics, Yale University (expected May 2009)  
M.Phil., Economics, Yale University, May 2008  
M.A., Economics, Yale University, May 2007  
Bsc. (Honors), Lahore University of Management Sciences (LUMS), 2004

**Fellowships, Honors and Awards:**

Whitebox Advisors Doctoral Fellowship, Yale University, 2007-2008  
Chicago Quantitative Alliance Academic Paper Competition, Second Prize, 2008  
Yale University Graduate Fellowship, 2005-2009  
Gold Medal for highest GPA in class, LUMS, 2004  
Gold Medal for highest Economics GPA in class, LUMS, 2004  
Dean's Honor List, LUMS, 2000-2004  
LUMS Merit Scholarship Award, 2002-2004

**Teaching Experience:***Teaching Assistant:*

Behavioral Economics, Fall 2007, Fall 2008

Financial Markets (undergraduate), Spring 2008

**Papers:**

“Analysts’ Use of Public Information and the Profitability of their Recommendation Revisions,”  
*mimeo*, Yale University, 2008 (Job Market Paper)

“Investor Attention, Trading Volume and Short-Term Reversals,” 2007

**Conference Presentations:**

Chicago Quantitative Alliance 15<sup>th</sup> Annual Conference, 2008

**Financial Databases:**

CRSP, COMPUSTAT, IBES forecast and recommendation files, NYSE Trades and Quotations Database

**Programming:** SAS, Stata**References:**

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**Dissertation Abstract****I. Analysts’ Use of Public Information and the Profitability of their Recommendation Revisions (Job Market Paper)**

In this paper, I argue that we can measure an analyst’s skill by examining how much he relies on publicly available information when revising his recommendations. Analysts who have little ability to gather and process firm-specific information not available to other market participants are likely to rely heavily on public information when revising their recommendations. For example, such analysts might upgrade stocks with positive momentum or a positive earnings surprise because these variables positively forecast future returns. On the other hand, skilled analysts are likely to bring *new* value-relevant information to the market through their recommendations. Therefore, I propose and test the hypothesis that analysts’ past reliance on public information is negatively related to their subsequent performance.

I construct a measure of analysts' reliance on public information (*RPI*) based on the sensitivity of analysts' recommendation revisions to five pieces of public information: price momentum, earnings surprise, average turnover, change in consensus recommendation, and change in consensus earnings forecast. Previous research suggests that these variables predict cross-sectional returns. I rank analysts into quintiles based on their past *RPI*, hypothesizing that more skilled analysts should be those with low *RPI*. I then use a calendar time portfolio approach to evaluate the future performance of analysts. Specifically, for each *RPI* quintile, I construct long and short portfolios following the directional advice of the analysts in that quintile. Consistent with my hypothesis, I find a strong negative relationship between analysts' past reliance on public information and the profitability of their subsequent recommendations. For example, a long/short portfolio that buys stocks upgraded and short sells stocks downgraded by analysts in *RPI* quintile 1 yields a highly statistically significant four-factor alpha of 1.83% per month, approximately 22% per year. On the other hand, the same portfolio constructed using recommendation revisions of analysts in *RPI* quintile 5 generates an insignificant abnormal return of -0.45% per month. It is somewhat surprising that profitable trading strategies cannot be constructed using recommendation revisions of high *RPI* analysts even though these analysts tend to use quantitative variables that forecast future returns. I show that the reason why high *RPI* analysts underperform is that they do not follow optimal quantitative strategies. For example, they do not update their recommendations in response to the quantitative signals in a timely fashion.

My results suggest that low *RPI* analysts either have superior ability to access information or superior ability to process information about the firms that they cover, or both. In order to determine the relative importance of these two factors, I study the effect of Regulation FD, which was implemented to curb selective disclosure by firms to a subset of market participants, on my results. If low *RPI* analysts' better performance is solely driven by their superior *access* to information, then their outperformance should be limited to the pre-Regulation FD period only. I show that low *RPI* analysts also perform better in the post-Regulation FD period, suggesting that these analysts also have superior ability to *process* information.

I show that my results are robust to alternative specifications of *RPI* and to the inclusion of other public variables that predict returns in the calculation of *RPI*. I also test for a number of alternative explanations of the results. For instance, it could be that low *RPI* analysts simply cover fewer firms and industries and hence generate more profitable recommendations. I show that there is virtually no variation in the number of firms and industries covered by analysts across the *RPI* quintiles. In addition, I find that analyst experience, herding, and timeliness of recommendation revisions are not driving my results.

## **II. Investor Attention, Trading Volume and Short-Term Reversals**

This paper examines the relationship between abnormal trading volume and short-term return reversals. Unlike previous studies, I find that short-term reversals are most pronounced for high volume losers and low volume winners. A long/short trading strategy which buys high volume losers and short sells low volume winners generates a highly significant abnormal return of 2.37% per month. I argue that this finding supports the attention-grabbing hypothesis, which states that stocks experiencing abnormally high volume attract individual investors' attention and are subsequently heavily bought by these investors.

Using the NYSE TAQ database, I examine how past volume affects the trading behavior of investors. Consistent with the attention-grabbing hypothesis, I find that abnormal volume positively forecasts individual investors' order imbalances. I also find that high volume losers are more heavily *bought* by individual investors than high volume winners, and low volume winners are more heavily *sold* by individual investors than low volume losers. These results indicate that the relationship between volume and short-term reversals can possibly be explained by individual investor trading.