Earnings Momentum Shifts and Stock Price Movements for Flyer Fund Stocks

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Flyer Fund Short Term Momentum Strategies: The Case for Earnings Growth

By: Drew Imhoff and Matt Chkautovich
Advisor: Dr. Robert Dean and Dr. Trevor Collier

Study Objective:
To determine if Flyer Fund stock prices co-vary with earnings growth

Research Approach:
- Univariate regression analysis
- Time period: 3Q 2011 – 3Q 2013
- Sample size: 30 stocks

Model Specification:
\[ CQGP_i = a + b(CQGE_i) \]

where
- \( a, b \) = intercept, slope coefficient
- \( CQGP = \) Compound Quarterly Growth Rate in Price
- \( CQGE = \) Compound Quarterly Growth Rate in Earnings
- \( i = i^{th} \) stock
- \( T = (1) \) 4 Quarters, (2) 8 Quarters

Conclusion:
For both regressions, \( b > 0 \) and statistically significant, indicating price and gross earnings co-vary together. More data points are necessary in order to reduce small sample bias.