Creation of a Global Short Interest Database

Keywords: Empirical Asset Pricing, Short Interest, Return Predictability, International Stock Markets

Project description

“Short selling” means selling a stock without owning it and short interest reflects the total amount of shares sold short for a particular stock. Short selling can be achieved by borrowing shares from an institutional investor and selling these shares in an open market transaction afterwards. Short interest could be informative about future price developments of a stock, since investors who engage in short selling speculate that the stock price will decline.

However, after the financial crisis short selling was often criticized because it might destabilize financial markets. As a result, many regulators imposed rules that require disclosure of significant net short positions by institutional investors. For instance, according to Article 9 of Regulation (EU) No 236/2012, net short position in shares must be disclosed on EU member states’ websites.

The goal of this IDP is to make use of these data disclosures and to create a global short interest database. The students have the task to develop a code to extract and prepare the data in an appropriate language such as Stata, R, or Python. Moreover, the code should be able to update the database periodically, e.g., on a rolling monthly basis. Relevant financial markets are: USA, Canada, UK, European Union, Hong Kong, Singapore, Japan, and Australia.

In a second step, students will have the opportunity to conduct their own asset pricing study for this IPD. Specifically, students are asked to test the relation between short interest and future stock returns. To this end, a global stock market database will be provided to the students which has to be merged with the short interest data on the basis of stock identifiers (e.g., ISIN). Upon completion of this project you will have acquired substantial knowledge about capital market databases, empirical data analysis, and the functioning of financial markets in general. Among others, these skills are of high practical relevance for jobs in Banking, Asset Management, and Fintech.

What we are looking for

- Strong analytical and project management skills
- Determination and passion for your areas of expertise
- IT skills required for the IDP
- Interest to learn something about finance, in particular asset pricing, asset management, fixed income.
- 1 or 2 persons
What we offer

- Knowledge in quantitative finance, corporate finance and corporate governance
- Kick-off session including introduction to relevant finance and/or business topics
- Experience with IDPs
- Open dialogue and support
- Access to prime capital markets databases (Bloomberg, Datastream, Thomson Reuters, etc)
- Potential for publication and/or evaluation of future use cases
- Both single and group projects are possible

Interested?

Please send an e-mail with CV, academic transcript and your preference for this project to lisa.knauer@tum.de.

Questions?

In case of any (e.g. topic related) questions, please contact Lisa Knauer (lisa.knauer@tum or call +49 89 289 25485).