

GROWING PRESENCE OF REAL OPTIONS IN GLOBAL FINANCIAL MARKETS

RESEARCH IN FINANCE

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RESEARCH IN FINANCE VOLUME 33

GROWING PRESENCE OF REAL OPTIONS IN GLOBAL FINANCIAL MARKETS

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INTRODUCTION

The volume starts at the base of equity valuation with an examination of the strategic expectations underlying the merger of AT&T with DirecTV. Then for comparison we get an upgrade of the traditional dividend valuation approach to equity pricing. Next we get an examination of the relationships between dividend payment patterns and firm characteristics. Then we extend the equity valuation discussion to an empirical assessment of the reality underlying the pecking order theory.

Next we get some advances in the uses of beta and cross-sectional stock returns. Then follows a cross-sectional analysis of average returns and volatility with focus on the effects of size, value, and momentum risk. Then we get an opportunity to broaden the analysis of strategy with a look at models for valuing options to choose among the most profitable of several realities in the physical realm and the information realm.

Subsequent chapters take us into the wilderness of financial distress in emerging markets around the world, with evidence from the Asian-Pacific markets. Since much of this distress arises within the banking sector, we next have an examination of the impact of maturity structure in the private placement of debt.

Finally, we have an extension of a work that appeared in the previous volume (Vol. 32) concerning bank stability in emerging countries. For this new contribution, the author (Dr. Keffala) has substantially extended his earlier work with expanded samples across a wider time spectrum and a greatly enriched sample of emerging countries. In this volume, Dr. Keffala's chapter focuses specifically on banks' use of derivatives, finding strengthened evidence that proper use of derivatives can greatly enhance bank stability.

John W. Kensinger
Editor