Replication Programs for "Asset holders' Consumption Risk and Tests of Conditional CCAPM"

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File Included

1. Readme file `README.pdf`
2. `Bootstrap` folder includes m-files for bootstrapping: `bootstrap.m`, `invprctile.m`, `stationaryBB.m`
3. `Figures` folder includes m-files for figures: `Figure1.m`, `Figure2.m`, `Figure3.m`, `Figure4.m`, `Figure5A.m`, `Figure5B.m`, `tightfig.m`, `TimeSeries.m`
4. `Nonpara` folder includes m-files for non-parametric estimation: `lwpeval.m`, `lwpfindh.m`, `lwpparams.m`, `lwppredict.m`
5. `Pca` folder includes m-files for PCA estimation: `factors_em.m`, `gen_factors.m`, `mrsq.m`, `prepare_missing.m`, `remove_outliers.m`
6. `Sub_funtions` folder includes extra m-files necessary for execution: `cycl_test.m`, `gen_gamma.m`, `main_results.m`, `merge_var.m`, `merge_var_state.m`, `multi_horizon.m`, `nonlinear_gamma.m`, `olsNY.m`, `Table1.m`
7. `Intermediate` folder that is empty, but it will contain `cleaned.mat` generated after running `Step0ProcessData.m`
8. `Data` folder includes excel files necessary for execution.
9. Other code files to generate results: `Step0ProcessData.m`, `F1.m`, `F2_3.m`, `T1.m`, `T2_F4_F5.m`, `T3.m`, `T4.m`, `T5.m`, `T6.m`, `T7.m`, `T8_T9_T10.m`

Code instruction

1. All sets of the code were run using MATLAB R2021a.
2. `Step0ProcessData.m` collects all data sets and organizes them as well as estimates principal components. It generates the output file '`cleaned.mat`' and saves it in the '`Intermediate`' folder. Please run this code first before running the other code below.
3. `F1.m` generates Figure 1.
4. `F2_3.m` generates Figures 2 and 3.
5. `T1.m` generates Table 1.
6. `T2_F4_F5.m` generates Table 2 and Figures 4 and 5.
7. `T3.m` generates Table 3.
8. `T4.m` generates Table 4.
9. `T5.m` generates Table 5.
10. `T6.m` generates Table 6.
11. `T7.m` generates Table 7.
12. `T8_T9_T10.m` generates Tables 8, 9, and 10.

Data sources

1. Consumption data

    - NIPA: BEA website – https://www.bea.gov/
    - CEX: BLS website – https://www.bls.gov/cex/
    - NielsenIQ: Nielsen and NielsenIQ Marketing Data – https://www.chicagobooth.edu/research/kilts/datasets/nielsenIQ-nielsen. As the data are confidential, we cannot post the data. Information about pricing and the subscription process can be found on the above link.

2. Asset data

    - Equities
        - ✓ WRDS for the CRSP's value-weighted returns of NYSE/Nasdaq/AMEX index: https://wrds-www.wharton.upenn.edu/
        - ✓ Kenneth French websites for equity portfolios: http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/
    - Treasury bonds: WRDS
    - Corporate bond portfolios: Ten portfolios sorted on credit spreads from Nozawa (2017). These portfolios are constructed based on a comprehensive panel data set collected from Lehman Brothers, TRACE, NAICS, and DataStream databases.
    - Commodities: The data from the S&P GSCI commodity excess return indices from the Bloomberg terminal
    - Currencies: The data from WMR, Reuters, and BBI.

3. Data for conditioning variables

    - Michael W. McCracken's website: https://research.stlouisfed.org/econ/mccracken/fred-databases/
    - Amit Goyal's website: https://sites.google.com/view/agoyal145

- EPU website: http://www.policyuncertainty.com/index.html
- Sydney Ludvigson's website: https://www.sydneyludvigson.com/data-and-appendixes
- Nancy Xu's website: https://www.nancyxu.net/
- Federal Reserve Economic Data : https://fred.stlouisfed.org/

References

Nozawa, Yoshio, 2017, What drives the cross-section of credit spreads?: A variance decomposition approach, *Journal of Finance* 72, 2045–2072.