

Press Release

“Momentum Crashes” Wins SFI Award

Geneva, November 15, 2013 – **The Swiss Finance Institute (SFI) has attributed its Outstanding Paper Award to “Momentum Crashes”, a research paper by Kent Daniel of Columbia University and Tobias Moskowitz of the University of Chicago showing how losses to momentum strategies can be avoided.**

At the Swiss Finance Institute’s annual meeting held in Geneva on November 14, 2013, the SFI college of chairs has nominated Professor Kent Daniel of Columbia Business School, Columbia University, and Professor Tobias Moskowitz of the Booth School of Business, University of Chicago, for the SFI Outstanding Paper Award 2013. This prize distinguishes an unpublished research paper expected to make an outstanding contribution to the field of finance.

Daniel and Moskowitz demonstrate that momentum crashes can be forecasted: They occur following market declines, when market volatility is high, and during periods of market “rebounds”. Momentum strategies are employed by numerous quantitative investors, including mutual funds, and have historically generated high returns while experiencing infrequent but persistent strings of negative returns or “crashes”. Daniel and Moskowitz show that a dynamic strategy based on their analysis significantly outperforms a static momentum strategy prone to such crashes.

A momentum strategy relies on the assumption that past returns will predict future returns. It is thus typically implemented by buying past winners and selling past losers. Momentum strategies are applied in numerous asset classes, reaching from equities to bonds, from currencies to commodities to exchange-traded futures. Daniel’s and Moskowitz’ findings are therefore likely to have a major impact on asset pricing and portfolio management.

The winners of the SFI Outstanding Paper Award 2013 will be invited to receive the prize and present their research in Switzerland in the course of 2014.

The **Swiss Finance Institute (SFI)** is a private foundation created in 2006 and supported by the Swiss banks, the Swiss Stock Exchange, leading Swiss universities and the Swiss federal government. SFI supports and advances research, doctoral training, knowledge transfer and education in banking and finance. It fosters interaction between researchers and practitioners to ensure an integrated approach to finance research. www.swissfinanceinstitute.ch

Links

- SFI Outstanding Paper Award
http://www.swissfinanceinstitute.ch/faculty_research/outstanding_paper_award.htm
- Prof. Kent Daniel, Columbia Business School, Columbia University
<http://www4.gsb.columbia.edu/cbs-directory/detail/754716/Kent+Daniel>
- Prof. Tobias Moskowitz, Booth School of Business, University of Chicago
<http://www.chicagobooth.edu/faculty/directory/m/tobias-j-moskowitz>

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