PLANNED ACTIVITIES

My goal on this sabbatical was to focus on research activities. I planned to extend a recent body of literature I have completed on currency adjusted stock indexes.

Stock indices, such as the Dow Jones Industrial Average, aggregate the price and return performance of stocks to provide summary measures. The local currency represents the underlying index basis. Variations in the underlying currency value distort indices and can lead to interpretation errors. A 1% index decline accompanied by a 2% underlying currency value increase implies the investor has a wealth gain. An investor observing the index level in isolation would interpret the data as indicating a wealth decline. This is not a trivial matter as currency values show considerable variation over time. I introduced currency adjusted indexes in 2012 to measure how combined market changes impact the capacity for individuals to spend. This earlier research was limited to examinations of U.S. stock indexes.

On my sabbatical, I extended this line of research to examine several international indexes and their corresponding currencies. The result was a completed manuscript titled “International Evidence on Currency Adjusted Stock Indexes.” The results indicate larger impacts of currency adjustment than observed in U.S. markets. These new indexes provide additional insights to investors and offer new tools for researchers to empirically test asset pricing models. The paper will be submitted to a journal for publication consideration. The data collection completed for this project offers the potential to complete one additional study on the issue.

OTHER ACTIVITIES

In addition to completing my formal sabbatical project, I had some amazing travel experiences. I spent seven months in Costa Rica. While there, I observed Costa Rica financial systems. I have previously done research on Costa Rica financial markets and continuously look for new opportunities to do so. Indeed, I identified a new research project based on my observations of Costa Rican markets.

I was in London on the day of the Brexit vote. I observed, and talked with, London residents as they agonized over how to vote. I was interviewed by a radio station regarding my views on the matter. I witnessed first-hand the immediate impact of the vote on financial and other markets in France and Germany. Among other observations, I spoke with several college students. They were most concerned about how the exit would impact their European Union Scholarships.

I visited the Standing Rock Reservation on week one of the Dakota Access Pipeline protests. I was there well before the issue became national news but I was not involved in the protest. This event was especially interesting to me because I grew up on the banks of the Cannonball River, a few miles upstream from the protest. I also attended high school with many Native Americans, some from the Standing Rock Reservation. It was fascinating to observe the plethora of half-truth and misleading news reports. It appeared that news outlets were intent on painting a certain picture rather than objectively reporting.