

Hulusi Bahcivan

LECTURER IN FINANCE · BOGAZICI UNIVERSITY

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Academic Appointments

Bogazici University - Department of Management

LECTURER IN FINANCE / PART-TIME FACULTY

Istanbul - Turkey

Feb. 2023 - Present

University of Groningen - SOM Research Institute

POSTDOC RESEARCH FELLOW

Groningen - The Netherlands

Jan. 2022 - Feb. 2023

- Job Market Paper: Investor Overreaction, Overnight Price Jumps and Return Predictability in US Stock Markets
- Working Paper: Market Ambiguity and Mispricing in S&P500 Futures Contracts

Bogazici University - Center for Applied Research in Finance (CARF)

RESEARCH ASSOCIATE

Istanbul - Turkey

Mar. 2021 - Jan. 2022

Bogazici University

STUDENT ASSISTANT

Istanbul - Turkey

Sep. 2007 - Jan. 2008

- Course: Europe Customs Union & Turkey (Project: Turkey's Energy Sector in the Context of EU Accession)

Degrees Awarded

Bogazici University

PHD IN FINANCE

Istanbul - Turkey

Sep. 2015 - Mar. 2021

- Dissertation: Intraday Correlation Dynamics in Borsa Istanbul Using Score-Driven Kalman Filtering
- Advisor: Assist. Prof. Genk C. Karahan

Galatasaray University

MA IN FINANCIAL ECONOMICS

Istanbul - Turkey

Sep. 2011 - Jun. 2012

- High Honors List

Bogazici University

BA IN ECONOMICS

Istanbul - Turkey

Sep. 2004 - Jul. 2009

- Honors List

Areas of Special Interest

Empirical Asset Pricing, Applied Financial Econometrics, Risk & Portfolio Management, Behavioral Finance, Financial Markets, Quantitative Finance, State-Space Modelling

Research

PUBLISHED

Bahcivan, H, Karahan C., C. 2022. High frequency correlation dynamics and day-of-the-week effect: A score-driven approach in an emerging market stock exchange. *International Review of Financial Analysis*, 80, 102008.

Bahcivan, H, 2020. Epps Effect still existent: Differing unconditional correlation behaviors for inter-sector stock pairs. *International Journal of Disciplines Economics & Administrative Sciences Studies*, 6(24), 797-805.

WORKING PAPERS

New Avenues in Expected Returns: Investor Overreaction and Overnight Price Jumps in US Stock Markets (with Lammertjan Dam & Halit Gonenc)

Abstract

Using a very large data set with more than 9,700 stocks listed on NYSE, AMEX and NASDAQ, we analyze overnight price jumps and report short-term investor overreaction to information shocks and document return reversal and predictability up to five days. For negative and positive overnight jumps, results are significant with Newey-West adjusted t-stats and robust to various model specifications. In the cross-section, the degree of reversal is considerably larger for stocks that are less costly to arbitrage. In contrast to this overreaction, a zero-cost contrarian trading strategy with extreme decile portfolios -shaped according to lagged jump returns- incurs 0.8% of risk-adjusted loss in 1-month investment horizon. Together, these connote that documented overreaction and return reversal are short-term market phenomena. With novel findings for jump stocks, present study also builds a new avenue for overnight and intraday expected returns in the recently renowned *tug of war* literature which rests on investor heterogeneity. We show that jump stocks have significantly different abnormal returns than non-jump stocks in both overnight and intraday components for the next month. Our study stands at the intersection of overreaction, jump and return predictability literature by paying special attention to investor behaviours around price discontinuities and post-shock return dynamics.

Market Ambiguity and Mispricing in S&P500 Futures Contracts (with Cenk C. Karahan)

Abstract

We empirically unveil the effect of having multiple priors on mispricing in the market where mean-variance optimization and the Bayesian approach do not have any say. We show that the level of mispricing in S&P500 E-Mini futures contracts is also linked to the degree of prevailing market ambiguity. Crucial findings are in order: First, our study unearths how different levels of Knightian uncertainty impact the direction and level of mispricing in US futures markets. Second, profound analysis reveals an asymmetric outlook for episodes of market euphoria and unrest. Third, we identify the primary channels through which ambiguity permeates the market. Findings are robust to different ambiguity measurement techniques. Extant literature on marred prospects and market implications rests heavily on experimental data. This study expands on recently burgeoning thin literature that is built upon market data.

ONGOING

1-Invisible Hand on Correlations: Portfolio Rebalancing

2- Role of Ambiguity in Investor Overreaction Around Information Shocks

(with Cenk C. Karahan and Merve Gizem Cevheroglu)

3- Discontinuity-induced Circuit Breaker and Price Efficiency in Stock Markets

4- Commodity Convenience Yields under Knightian Market Uncertainty

(with Lammertjan Dam, Cenk C. Karahan and Halit Gonenc)

Teaching Experience _____

Feb. 2023 - Jun. 2023	Special Topics in Financial Modeling Bogazici University - Department of Management
Mar. 2022	Capital Markets Ecosystem and Dynamics of Equity Markets Guest Lecture - University of Groningen
2011-2012	Applied Capital Markets Education Borsa Istanbul Exchange Group

Grants, Awards & Fellowships _____

2021	International Postdoctoral Research Fellowship Grant The Scientific and Technological Research Council of Turkey (TUBITAK)	€ 25,200
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Referee

International Review of Financial Analysis, Emerging Markets Review, International Journal of Emerging Markets

Presentations

CONFERENCES (Presented / Accepted)

1-EUROPEAN FINANCIAL MANAGEMENT ASSOCIATION (EFMA) - 32ND ANNUAL CONFERENCE *Jun. - Jul. 2023*

- Paper: New Avenues in Expected Returns: Investor Overreaction and Overnight Price Jumps in US Stock Markets
- Venue: Cardiff Business School, **Cardiff University, UK**

2-FINANCIAL MANAGEMENT ASSOCIATION (FMA) - 2023 EUROPEAN CONFERENCE *Jun. 2023*

- Paper: New Avenues in Expected Returns: Investor Overreaction and Overnight Price Jumps in US Stock Markets
- Venue: Aalborg University Business School, **Aalborg University, Denmark**

SEMINARS

1-UNIVERSITY OF GRONINGEN - ASSET PRICING SEMINARS *Feb. - 2023*

- Paper: New Avenues in Expected Returns: Investor Overreaction and Overnight Price Jumps in US Stock Markets
- Venue: **Groningen - The Netherlands**

2-BOGAZICI UNIVERSITY - DEPARTMENT OF MANAGEMENT SEMINARS *Nov. - 2022*

- Paper: New Avenues in Expected Returns: Investor Overreaction and Overnight Price Jumps in US Stock Markets
- Venue: Online / **Istanbul - Turkey and Groningen - The Netherlands**

Membership, Licences & Certificates

MEMBERSHIP

European Finance Association
European Economic Association

LICENCES & CERTIFICATES

Capital Market Activities Level 3 Licence Issuer: Capital Markets Licensing Registry & Training Agency, Turkey

Derivative Instruments Licence Issuer: Capital Markets Licensing Registry & Training Agency, Turkey

Professional

BORSA ISTANBUL EXCHANGE GROUP (POST-TRADE) - TAKASBANK / APR. 2015 - JAN. 2021

Executive Consultant to CEO (07.2020 - 01.2021)

Job Description

Providing the CEO with consultancy on various capital market topics: Stock Exchange operations, clearing and settlement operations, other self-operated markets (security lending market, Takasbank money market etc.). Along with that, supervising communications with Central Bank of the Republic of Turkey, Capital Markets Board of Turkey, Banking Regulation and Supervision Agency and banks & brokage houses. Additionally, filtering and examining the requests before they are escalated to the CEO.

Risk & Central Counterparty (01.2020 - 07.2020)

Job Description

On a daily basis, dealing with collateral management operations and margin calls shaped by the open positions inequity, fixed income, derivatives, swap and precious metals markets. Calculating daily option settlement prices in rotation with colleagues. Preparing ad-hoc CCP reports requested by international institutions.

Fund Valuation & Custody (10.2017 - 01.2020)

Job Description

Valuation of mutual, pension, real estate and hedge funds and ETFs to identify deviations from the principals compelled by the respective directives. Daily interaction with the Capital Markets Board of Turkey to report breaches in investment limits for each asset class obligated for each fund type. Along with that, ad-hoc reports to top management as well as presentations for monthly Asset-Liability Committee.

Equity Clearing & Settlement - Nasdaq OMX Project Group (04.2015 - 10.2017)

Job Description

Performing clearing and settlement operations in equity market. Managing default market transactions for unsettled positions after day T+2. Along with that I was in the core team which dealt with all module tests and acceptance operations of NASDAQ OMX Clearing and Settlement products. I closely worked with NASDAQ OMX team as well as equity trading, market surveillance, index provision and data dissemination departments and IT desks for market design and product placement. Simultaneously with this transformation in the infrastructure, I was also responsible for amending the old pertinent regulations and rule guides with a few colleagues of mine.

ADIDAS GROUP / OCT. 2014 - MAR. 2015

Financial Planning & Analysis (10.2014 - 03.2015)

Job Description

Financial reporting, financial analysis, budget planning.

BORSA ISTANBUL EXCHANGE GROUP (TRADE) - BORSA ISTANBUL / OCT. 2010 - JUN. 2014

Emerging Companies Market (10.2010 - 06.2014)

Job Description

Succinctly stating, dealing with initial public offerings of SME size companies and conducting market operations as from the commencement of trading constituted my core responsibilities. Together with these, I was actively taking part in system enhancement projects and was also responsible for predetermined businesses of the department and trading floor. Apart from these; within the body of Borsa Istanbul Exchange, there is a structured Applied Capital Market education program to a group of audience composed of last-grade BA and Master's degree students. I had the responsibility of teaching for our department between 2011 and 2012.

GARANTI BBVA / AUG. 2009 - JUL. 2010

Corporate & Commercial Credits (08.2009 - 07.2010)

Job Description

In-depth analysis of loan applications targeted for big construction projects. We were presenting our evaluations and recommendation reports to credit committee on a weekly basis. We were also actively monitoring construction operations in the field and preparing progress reports.

Languages _____

Turkish (Native), English (Fluent), Spanish (Basic)

Computer Skills _____

Python, Stata, Microsoft Office, LaTeX

References

Assist. Prof. Cenk C. Karahan
(PhD Advisor)

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Prof. Vedat Akgiray
(BA and PhD Lecturer)

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Assoc. Prof. Lammertjan Dam
(Postdoc Supervisor)

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Assoc. Prof. Halit Gonenc
(Postdoc Supervisor)

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