Taloustieteiden tiedekunta

Professor Petri Sahlström (Questions 1&2)
Professor Timo Rothovius (Question 3)

1. How could you investigate the inter-temporal stability of functional form of financial ratios using the Boc-Cox transformation technique? What it implies if you find that the functional form is stable/non-stable?

2. You have to build a mechanical cash flow prediction model to predict future cash flows of Finnish companies. What kind of model you suggest based on the course material and why?

3. According to Capstaff, Paudyal and Rees (2001), sell-side analysts may produce optimistic forecasts on purpose (=intentionally, i.e. they know forecasts are optimistic but they do it anyway). What is the reason they give for such a behaviour?