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J Austin Murphy* (jamurphy@oakland.edu), Oakland University, SBA, Lake Orion, MI 48360, and **Terry Benzschawel** and **Liang Fu**. *Systematic Risk and Yield Premiums in the Bond Market*.

This research shows traditional measures of systematic risk of bonds based on unadjusted past returns have very large downward biases. After developing an improved method for calculating the market betas of credit instruments, an empirical evaluation indicates that yield spreads are highly related to such estimates of systematic risk. These betas along with yields enable estimation of the price of risk that is found to be useful in predicting future returns on the aggregate market. The ex-ante systematic risk premiums are discovered to be negatively related to past market returns on bonds and be positively associated with past market volatility. (Received December 20, 2014)