

**Cyprus University of Technology**

***Department of Commerce, Finance and Shipping***

***Seminar Talk***

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# “Systematic Risk Behavior in Cyclical Industries: The Case of Shipping”

**by**

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Abstract

This paper explores macroeconomic and industry-level effects on corporate systematic risk (beta). We focus exemplarily on the international shipping industry to highlight the extent to which market betas fluctuate over time in cyclical industries and to analyze the fundamental determinants of beta risk. We show evidence for high levels of systematic risk in shipping stocks that match the fundamental risk

characteristics of the industry (e.g. high financial and operating leverage). Shipping companies exhibit a strong industry-specific beta dynamics compared to the average S&P 500 company. Changes in both economic conditions and industry-specific risk factors explain large proportions of the beta variation in the cross-section and over time.

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