# Article information:

Asset Holding and Consumption Volatility | Journal of Political Economy: Vol 110, No 4  
<https://www.journals.uchicago.edu/doi/abs/10.1086/340774>

# Article summary:

1. The article investigates the possibility that limited participation in asset markets, and the stock market in particular, might explain the lack of correspondence between the sample moments of the intertemporal marginal rate of substitution and asset returns in U.K. data.

2. The authors estimate ownership probabilities to separate “likely” shareholders from nonshareholders, enabling them to control for changing composition effects as well as selection into the group.

3. They find that consumption growth of shareholders is more volatile than that of nonshareholders and more highly correlated with excess returns to shares, suggesting that the predictions of the consumption capital asset pricing model hold true for those predicted to own both assets.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article provides a thorough investigation into the potential reasons behind a lack of correspondence between sample moments of intertemporal marginal rate of substitution and asset returns in U.K. data, by estimating ownership probabilities to separate “likely” shareholders from non-shareholders and constructing estimates of IMRS for each group. The authors provide evidence that suggests their hypothesis holds true; however, there are some potential biases which should be noted when considering this article's trustworthiness and reliability.

Firstly, it is important to note that this article only considers data from one country (the U.K.), which may not be representative or applicable to other countries or regions with different economic conditions or regulations regarding asset markets and stock markets in particular. Additionally, while the authors have attempted to control for changing composition effects as well as selection into their groups by estimating ownership probabilities, it is possible that there are still unaccounted-for factors which could influence their results or conclusions drawn from them. Furthermore, while they present evidence supporting their hypothesis, they do not explore any counterarguments or consider any alternative explanations for their findings; thus, it is difficult to assess whether these results are truly reliable or if there are other factors at play here which have been overlooked by the authors.

In conclusion, while this article provides an interesting insight into potential reasons behind a lack of correspondence between sample moments of intertemporal marginal rate of substitution and asset returns in U.K., its trustworthiness and reliability should be taken with a grain of salt due to potential biases such as its limited scope (only considering one country) and lack of exploration into alternative explanations or counterarguments for its findings.

# Topics for further research:

* Intertemporal Marginal Rate of Substitution
* Asset Returns in the U.K.
* Ownership Probabilities
* Changing Composition Effects
* Selection into Groups
* Alternative Explanations for Findings

# Report location:

<https://www.fullpicture.app/item/94bd5f8c71d4e99392cbc14af8dc1854>