

JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

VOL. 20, NO. 1, MARCH 1985



JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

A JOINT PUBLICATION OF THE UNIVERSITY OF WASHINGTON GRADUATE SCHOOL OF BUSINESS ADMINISTRATION AND THE WESTERN FINANCE ASSOCIATION

VOL. 20, NO. 1, MARCH 1985

A Comparison of the Information Content of Insider Trading and Management Earnings Forecasts
The Effect of Forward Markets on the Debt-Equity Mix of Investor Portfolios and the Optimal Capital Structure of Firms
Inflation, the Interest Rate, and the Required Return on Equity
Valuation by Approximation: A Comparison of Alternative Option Valuation Techniques
Explanations for the Instability of Equity Beta: Risk-Free Rate Changes and Leverage Effects
The Relative Tax Benefits of Alternative Call Features in Corporate Debt
Lifting the Lid on Closed-End Investment Companies: A Case of Abnormal Returns
On the Geometric Mean Index: A Note
Interest Rate Sensitivity in the Common Stocks of Financial Intermediaries: A Methodological Note

EDITORIAL STAFF

Alfred N. Page, Managing Editor Martha M. Auvil, Editor

Barbara S. Pearson, Office Manager John Sandoz, Editorial Assistant University of Washington

ASSOCIATE EDITORS

Gordon Alexander, University of Minnesota Richard H. Bernhard, North Carolina State University Roger Bey, University of Tulsa Gerald O. Bierwag, University of Arizona Stephen J. Brown, Yale University George Constantinides, University of Chicago Louis H. Ederington, Washington University Robert A. Eisenbeis, University of North Carolina, Chapel Hill Thomas W. Epps, University of Virginia Peter A. Frost, University of Washington Michael R. Gibbons, Stanford University Christopher James. University of Oregon Robert A. Jarrow, Cornell University George Kaufman, Lovola University Paul Malatesta, University of Washington

Ronald Masulis, University of California, Los Angeles John G. McDonald, Stanford University Richard Pettit, University of Houston George E. Pinches, University of Kansas Gary G. Schlarbaum, Purdue University Eduardo Schwartz, University of British Columbia Jay Shanken, University of California, Berkelev Bruno H. Solnik, CESA, Jouy-en-Josas, France Eric H. Sorensen, University of Arizona Rene M. Stulz, Ohio State University Robert Taggart, Boston University James Van Horne, Stanford University Joseph Vinso, University of Southern California

WESTERN FINANCE ASSOCIATION 1983/84 Executive Committee

Seha Tinic, PresidentUniversity of AlbertaAlan Kraus, President-electUniversity of British ColumbiaGerald Bierwag, Vice PresidentUniversity of ArizonaMichael Joehnk, Secretary-TreasurerArizona State UniversityNils Hakansson, Past PresidentUniversity of California, BerkeleyAlfred Page, Managing Editor, JFQAUniversity of WashingtonMichael Hopewell, DirectorUniversity of OregonRobert Litzenberger, DirectorStanford UniversityRonald Lease, DirectorUniversity of UtahTerence Langetieg, DirectorUniversity of California, Los Angeles

Copyright 1985, Graduate School of Business Administration, University of Washington Journal of Financial and Quantitative Analysis—ISSN 0022-1090/USPS 872-260

The *Journal of Financial and Quantitative Analysis* is published by the Graduate School of Business Administration, University of Washington, Seattle, Washington 98195, in conjunction with the Western Finance Association. Regular issues are published in March, June, September, and December. Second-class postage is paid at Seattle, Washington.

The views and opinions expressed are those of the authors and do not necessarily reflect those of the Graduate School of Business Administration of the University of Washington nor of the Western Finance Association.

Subscription rates are as follows:		
Individual Outside U.S.A., add for foreign mail (U.S. funds)	\$25.00/yr. \$-5.00/yr.	\$60.00/3 yrs. \$15.00/3 yrs.
Firm or Library Outside U.S.A., add for foreign mail (U.S. funds)	\$38.00/yr. \$ 5.00/yr.	\$105.00/3 yrs. \$15.00/3 yrs.
Student	\$20.00/yr.	

(with letter from Department Chairman)

Subscriptions will not be accepted for less than a full year. Some back issues are in stock and are available at \$9.00 per copy. Out-of-print issues may be obtained from Xerox University Microfilms International, 300 North Zeeb Road, Ann Arbor, Michigan 48106. Claims for missing issues must be made within six months of the date of publication. A subscription to the *Journal of Financial and Quantitative Analysis* automatically entitles the subscriber to membership in the Western Finance Association.

Manuscripts submitted for publication and correspondence relating to editorial matters should be addressed to Professor Alfred N. Page, Managing Editor, *Journal of Financial and Quantitative Analysis*, Graduate School of Business Administration, Mackenzie Hall, DJ-10, University of Washington, Seattle, Washington 98195. Manuscripts are to be sent in triplicate with a \$30 submission fee for Western Finance Association members (\$45 for nonmembers).

Correspondence relating to advertising, subscriptions, billing, single-copy orders, missing issues, permission to reprint, and change of address should be addressed to Ms. Barbara S. Pearson, Office Manager, *Journal of Financial and Quantitative Analysis*, Graduate School of Business Administration, Mackenzie Hall, DJ-10, University of Washington, Seattle, Washington 98195.

Correspondence pertaining to the Western Finance Association should be sent to Professor Michael Joehnk, College of Business, Arizona State University, Tempe, Arizona 85281.

POSTMASTER: Send address changes to *Journal of Financial and Quantitative Analysis*, Graduate School of Business Administration, Mackenzie Hall, DJ-10, University of Washington, Seattle, Washington 98195.