

THE VALUE PREMIUM IS NOT DEAD IN CANADA

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ABSTRACT

This study examines whether a value premium still exists in Canada. The evidence presented in this paper suggests that the Canadian value premium persists in recent years, particularly for stocks with low prices. The value premium is argued to be countercyclical so that the strength of the business cycle in causing longer expansions and deeper contractions can lead to trends and plunges in the value premium. While some declare that the value premium is dead, our evidence suggests it has not evaporated in Canada most likely due to the combined effects of a stable Canadian economy, and industries that are less growth oriented.

Keywords: *value premium, value stock, growth stock, anomaly*