# A COMPARISON OF EQUITY PRICING MODELS USING AUSTRALIAN DATA

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**Abstract**

This paper compares the effectiveness of three renowned equity pricing models using a sample of data from the Australian Stock Exchange (ASX). The three models compared were the influential Sharpe-Lintner-Black (SLB) Capital Asset Pricing Model, the Fama and French (FF) 3-factor model and the Bollerslev, Engle and Wooldridge (BSW) Capital Asset Pricing Model with time-varying covariances. The comparisons were also made over different time intervals and subsets of the full period of the data.

The data used consisted of daily returns on a sample of 200 stocks from the ASX that cover a 12 year period. The All Ordinaries Accumulation Index was used as the proxy for the market return and the 30 day Bank Bill interest rates were used as a proxy for the risk free asset. Accounting variables such as book-to-market equity were obtained from financial information about the companies made available through J B Were and Sons.

The results show that [results to be inserted].

Key words: equity pricing, returns, GARCH-M
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