

To the Members of the Academy of Finance and Readers of the Journal of Finance Issues,

It is with great pleasure that I present Volume 23, Issue 3 of the Journal of Finance Issues. This issue features a diverse collection of research that delves into critical areas of finance, offering valuable insights into market dynamics, corporate governance, and financial forecasting. We are proud to bring you these contributions from leading scholars in the field.

This issue includes the following papers:

A Reliable Approach to Forecast Prices of Precious and Base Metals

This manuscript presents a pricing model based on geometric Brownian motion simulation to forecast the prices of various precious and base metals. The study finds that one-period ahead forecasts, especially at monthly frequencies and with a higher number of simulations, are more reliable. It also highlights high correlations between GBM-based expected metal prices and actual prices.

Earnings Growth Forecast for ETFs

This study forecasts earnings growth for stock-market-indexed Exchange-Traded Funds (ETFs) over the next five years. The authors utilize two methods: P/E and P/B cross-sectional regression-implied (RI) estimates and earnings growth random-walk (RW) estimates. The findings indicate that both RI and RW forecasts are unbiased for U.S. ETFs but biased for foreign ETFs when compared to actual earnings growth. Furthermore, the RI method generates smaller forecast errors than the RW method for U.S. ETFs, though it offers no advantage for foreign ETFs. The paper concludes that the RI forecast can be a useful method for U.S. ETFs during the 2000-2023 sample period but may not be suitable for foreign ETFs.

CEO Power, CEO Compensation, and Firm Performance

This study examines the impact of CEO power (measured by CEO pay slice or CPS) on the relationship between CEO compensation (measured by pay-performance sensitivity or PPS) and firm performance. The results indicate that PPS increases firm performance at high levels of CPS, but its impact decreases at low CPS levels, suggesting an important interaction effect between CEO power and incentive compensation.

Corporate Social Responsibility (CSR) and Firm Features in the Immediate Aftermath of the COVID-19 Pandemic.

This paper investigates the relationships between key firm features and Corporate Social Responsibility (CSR) scores (energy and water, ethics, customer service, labor, and governance) in the context of the COVID-19 pandemic and its aftermath. It finds that large market-cap and profitable firms are significantly associated with higher CSR scores, but these investments do not appear to lead to significant short-term changes in financial features like market capitalization, profitability, or growth.

The Relationship between Firm Growth, Ownership Structure and Performance: An analysis of U.S. property-liability insurers

This study explores the relationship between firm growth and profitability in the U.S. insurance industry, focusing on differences between stock and mutual insurers. It examines how financial

performance and strategic priorities vary based on ownership structure, contributing insights into the determinants of profitability and growth in the insurance sector.

We extend our sincere gratitude to all the anonymous reviewers for their invaluable time, expertise, and thoughtful feedback, which significantly contributed to the quality of this issue. We also thank our dedicated associate editors, Larry, David, and Won, for their unwavering commitment to serving the Journal and the members of the Academy of Finance.

Sincerely,

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