We regress the market excess return and the aggregated turbulence risk on the first principal component of each economic category defined by Chen and Zimmermann (2022). Significance is indicated by bold letters, t-statistics are reported in brackets. We use daily data from January 1986 to December 2021, which totals 9060 observations.

$$\boldsymbol{PC_{i,1} = \alpha_i + \beta_i(Mkt - R_f) + \tau_i FTI + \varepsilon_i}$$

Economic Category	ρ	Var.Explained	Mean	α	β	τ	adj. Rsq
Accruals	0.85	40.64%	0.00	0.00	**-9.15**	**-0.003**	0.77%
			(0.00)	(0.239)	(-7.722)	(-2.598)	
Asset Composition	0.95	35.95%	0.00	-0.02	**42.56**	**-0.007**	12.81%
			(0.00)	(-1.319)	(36.457)	(-6.156)	
Cash Flow Risk	1	100.00%	0.00	0.01	**-27.01**	0.000	9.36%
			(0.00)	(1.047)	(-30.574)	(0.071)	
Composite Accounting	0.89	23.18%	0.00	0.01	**-14.80**	**0.004**	2.46%
			(0.00)	(0.558)	(-14.993)	(3.93)	
Default Risk	1	100.00%	0.00	0.01	**-13.92**	**0.009**	3.01%
			(0.00)	(0.616)	(-15.234)	(9.117)	
Earnings Event	0.3	100.00%	0.00	0.00	0.44	0.000	-0.02%
			(0.00)	(-0.011)	(0.471)	(0.501)	
Earnings Forecast	0.46	32.75%	0.00	0.00	**6.36**	**-0.006**	0.44%
			(0.00)	(-0.218)	(4.878)	(-4.785)	
Earnings Growth	-0.88	42.02%	0.00	-0.01	**16.46**	**0.003**	2.24%
			(0.00)	(-0.451)	(13.833)	(2.459)	
External Financing	-	38.94%	0.00	-0.03	**64.12**	**-0.017**	11.54%
			(0.00)	(-1.263)	(33.962)	(-8.628)	
Info Proxy	1	100.00%	0.00	-0.01	**14.63**	**-0.005**	2.91%
			(0.00)	(-0.613)	(15.993)	(-5.806)	
Informed Trading	-	-	-	-	-	-	-
Investment	-0.95	40.45%	0.00	-0.01	**28.12**	**-0.004**	3.08%
			(0.00)	(-0.611)	(17.027)	(-2.448)	
Investment Alt	-0.77	21.90%	0.00	-0.01	**12.81**	**-0.004**	1.07%
			(0.00)	(-0.37)	(9.837)	(-3.056)	
Investment Growth	-1	63.29%	0.00	-0.01	**20.97**	-0.002	2.97%
			(0.00)	(-0.587)	(16.639)	(-1.237)	
Lead Lag	-0.94	27.15%	0.00	-0.02	**62.90**	**0.006**	27.68%
			(0.00)	(-1.922)	(57.193)	(5.588)	
Leverage	0.01	56.95%	0.00	-0.01	**31.32**	**0.006**	5.96%
			(0.00)	(-0.746)	(22.95)	(4.233)	
Liquidity	0.86	48.53%	0.00	**0.05**	**-130.80**	0.001	56.63%
			(0.00)	(3.727)	(-108.075)	(0.703)	
Long Term Reversal	-0.99	58.15%	0.00	0.00	-0.82	0.003	0.00%
			(0.00)	(0.027)	(-0.473)	(1.455)	
Momentum	0.98	51.72%	0.00	0.01	**-16.94**	0.000	0.79%
			(0.00)	(0.294)	(-8.491)	(-0.041)	
Optionrisk		-	-	-	-	-	-
Other	0.5	16.63%	0.00	-0.03	**73.83**	**-0.004**	17.39%
			(0.00)	(-1.526)	(43.606)	(-2.463)	

Ownership	0.21	100.00%	0.00	0.00	-0.56	**-0.006**	0.51%
			(0.00)	(-0.05)	(-0.604)	(-6.778)	
Payout Indicator	0.41	36.66%	0.00	0.00	**2.08**	**-0.010**	1.18%
			(0.00)	(-0.181)	(2.154)	(-10.451)	
Profitability	0.98	58.75%	0.00	0.02	**-58.81**	**0.018**	9.66%
			(0.00)	(1.151)	(-30.605)	(9.408)	
Profitability Alt	0.84	100.00%	0.00	0.01	**-18.48**	**0.004**	4.36%
			(0.00)	(0.743)	(-20.266)	(4.439)	
R&D	0.07	28.15%	0.00	-0.01	**31.85**	0.001	9.34%
			(0.00)	(-1.032)	(30.239)	(0.866)	
Recommendation	-	-	-	-	-	-	-
Risk	-0.8	33.07%	0.00	**0.03**	**-76.53**	**0.007**	37.51%
			(0.00)	(2.602)	(-73.704)	(6.266)	
Sales Growth	0.45	22.53%	0.00	-0.01	**26.53**	**-0.005**	6.62%
			(0.00)	(-0.92)	(25.324)	(-4.677)	
Short-Term Reversal	1	100.00%	0.00	-0.01	**17.99**	0.000	4.24%
			(0.00)	(0.0102877)	(19.799)	(-0.259)	
Short Sale Constraints	0.95	46.20%	0.00	0.01	**-16.90**	-0.001	1.63%
			(0.00)	(0.413)	(-12.075)	(-0.56)	
Size	1	100.00%	0.00	**0.02**	**-48.90**	**-0.004**	32.25%
			(0.00)	(2.155)	(-63.87)	(-5.581)	
Valuation	-0.99	33.92%	0.00	-0.01	**32.74**	**-0.014**	2.58%
			(0.00)	(-0.577)	(14.814)	(-6.452)	
Volatility	0.99	78.24%	0.00	**0.04**	**-95.71**	**0.016**	30.14%
			(0.00)	(2.255)	(-62.319)	(9.999)	
Volume	-0.96	50.81%	0.00	**-0.03**	**82.06**	**-0.005**	42.75%
			(0.00)	(-2.882)	(81.81)	(-5.32)	