

Erratum

Erratum: “Equilibrium Cross Section of Returns”

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In the August 2003 issue of the *Journal*, firm market betas are incorrectly defined by equation (28) on page 705. The correct form of this equation should be

$$\beta_{jt} = \tilde{\beta}_t^a + \frac{\bar{V}_t^o}{V_{jt}^o} (\beta_t^o - \tilde{\beta}_t^a) + p(x_t) \frac{K_{jt}}{V_{jt}^o} (\beta_t^a - \tilde{\beta}_t^a),$$

and not

$$\beta_{jt} = \tilde{\beta}_t^a + \frac{\bar{V}_t^o}{V_{jt}^o} (\beta_t^o - \tilde{\beta}_t^a) + \frac{1}{p(x_t)} \frac{K_{jt}}{V_{jt}^o} (\beta_t^a - \tilde{\beta}_t^a).$$

Similarly, the weights π_{jt} used in the proof to proposition 4 on page 705, are given by the expression

$$\pi_{jt} = \frac{K_{jt}}{V_{jt}^a} \left(\frac{K_t}{V_t^a} \right)^{-1} = \frac{K_{jt}}{V_{jt}^a} p(x_t),$$

and not

$$\pi_{jt} = \frac{K_{jt}}{V_{jt}^a} \left(\frac{K_t}{V_t^a} \right)^{-1} = \frac{K_{jt}}{V_{jt}^a} \frac{1}{p(x_t)}.$$

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