The Cross-Section of Intraday and Overnight Returns

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Using a thirty-year sample of intraday returns on U.S. common stocks, I find that asset pricing anomalies accrue over the day in radically different ways. Size and illiquidity premia, which are large once thinly-traded stocks are excluded, are realized in the last thirty minutes of trading and overnight. Consistent with an infrequent rebalancing model, the turnover of small stocks relative to that of large stocks spikes around the close. Other anomalies, such as profitability and idiosyncratic volatility, accrue gradually throughout the trading day. I use these patterns to draw implications for risk, mispricing, and data mining explanations of cross-sectional return predictability.