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

\[ \beta_{jr} = \tilde{\beta}_i^r + \frac{V_j^r}{V_j^r} \left( \beta_i^r - \tilde{\beta}_i^r \right) + p(x) \frac{K_j^r}{V_j^r} \left( \beta_i^r - \tilde{\beta}_i^r \right), \]

and not

\[ \hat{\beta}_{jr} = \tilde{\beta}_i^r + \frac{V_j^r}{V_j^r} \left( \beta_i^r - \tilde{\beta}_i^r \right) + \frac{K_j^r}{V_j^r} \left( \beta_i^r - \tilde{\beta}_i^r \right). \]

Similarly, the weights \( \pi_{rj} \) used in the proof to proposition 4 on page 705, are given by the expression

\[ \pi_{rj} = \frac{K_j^r \left( K_j^r \right)^{-1}}{V_j^r} = \frac{K_j^r}{V_j^r} p(x), \]

and not

\[ \hat{\pi}_{rj} = \frac{K_j^r \left( K_j^r \right)^{-1}}{V_j^r} = \frac{K_j^r}{V_j^r} \frac{1}{p(x)}. \]

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