



Department of Economics

PhD Presentation on Interim Research Findings

“Do investors prone to anxiety perform worse in stock investment? Evidence from China” (in English)

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Abstract

Individual investment performance plays more and more important role in household financial well-being. Scholars in the emerging field of household finance appeal for policies to help those people who are at disadvantage in financial markets. Then the question who the vulnerable people are matters. This study aims to identify an intrinsic disadvantage embedded in human personality as such new factor, which is intuitively close to the psychology term of Trait Anxiety (TA), that measures the relative intensity of anxiety that one experiences given the same external shock. Using data from China, we extract a proxy for TA. Evidence shows that investors who are more prone to anxiety end up with significantly inferior investment performance in terms of investment return, even after controlling for many other factors. This finding is robust across investment periods of both half a year and three years, and across regressions using different proxies for TA. Besides, the research also finds that the poor, the less-educated, and the female performed worse in stock market, which is consistent with numerous previous studies. Interestingly, no correlation is found of our proxy of Trait Anxiety with either self-reported risk aversion or stock market participation.

All Are Welcome

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