

(/)

**ANNUAL REVIEW OF ECONOMICS (/CONTENT/JOURNALS/ECONOMICS)** Volume 1, 2009 (/content/journals/economics/1/1)

## Subjective Probabilities in Household Surveys

Michael D. Hurd (/search?value1=Michael+D.+Hurd&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true)<sup>1</sup>

 View Affiliations and Author Notes

Vol. 1:543-562 (Volume publication date September 2009)

First published as a Review in Advance on June 17, 2009

© Annual Reviews

 View Citation

### Abstract

Subjective probabilities are now collected on a number of large household surveys with the objective of providing data to better understand intertemporal decision making. Comparison of subjective probabilities with actual outcomes shows that the probabilities have considerable predictive power in situations where individuals have considerable private information, such as survival and retirement. In contrast, the subjective probability of a stock market gain varies greatly across individuals even though no one has private information and the outcome is the same for everyone. An explanation is that there is considerable variation in accessing and processing information. Further, the subjective probability of a stock market gain is considerably lower than historical averages, providing an explanation for the relatively low frequency of stock holding. An important research objective will be to understand how individuals form their subjective probabilities.

**Keyword(s):** [focal point responses \(/search?value1=%22focal+point+responses%22&option1=pub\\_keyword\)](/search?value1=%22focal+point+responses%22&option1=pub_keyword), [retirement expectations \(/search?value1=%22retirement+expectations%22&option1=pub\\_keyword\)](/search?value1=%22retirement+expectations%22&option1=pub_keyword), [stock market expectations \(/search?value1=%22stock+market+expectations%22&option1=pub\\_keyword\)](/search?value1=%22stock+market+expectations%22&option1=pub_keyword), [subjective survival \(/search?value1=%22subjective+survival%22&option1=pub\\_keyword\)](/search?value1=%22subjective+survival%22&option1=pub_keyword).

### Most Read This Month

#### **The New Economics of Industrial Policy (/content/journals/10.1146/annurev-economics-081023-024638)**

Réka Juhász, Nathan Lane and Dani Rodrik  
pp. 213–242 (30)

#### **The Economic Impacts of the US–China Trade War (/content/journals/10.1146/annurev-economics-051420-110410)**

Pablo D. Fajgelbaum and Amit K. Khandelwal  
pp. 205–228 (24)

#### **A Practical Guide to Weak Instruments (/content/journals/10.1146/annurev-economics-092123-111021)**

Michael P. Keane and Timothy Neal  
pp. 185–212 (28)

#### **How to Run Surveys: A Guide to Creating Your Own Identifying Variation and Revealing the Invisible (/content/journals/10.1146/annurev-economics-091622-010157)**

Stefanie Stantcheva  
pp. 205–234 (30)

#### **Why Does Globalization Fuel Populism? Economics, Culture, and the Rise of Right-Wing Populism (/content/journals/10.1146/annurev-economics-070220-032416)**

Dani Rodrik  
pp. 133–170 (38)

### Most Cited

 (/rss/content/journals/economics/mostcitedarticles?fmt=rss)

#### **The Gravity Model (/content/journals/10.1146/annurev-economics-111809-125114)**

James E. Anderson (/search?value1=James+E.+Anderson&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true)  
Vol. 3 (2011), pp. 133–160

## Machine Learning Methods That Economists Should Know About (/content/journals/10.1146/annurev-economics-080217-053433)

Susan Athey (/search?value1=Susan+Athey&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true) and Guido W. Imbens (/search?value1=Guido+W.+Imbens&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true).  
Vol. 11 (2019), pp. 685–725

## Power Laws in Economics and Finance (/content/journals/10.1146/annurev-economics-050708-142940)

Xavier Gabaix (/search?value1=Xavier+Gabaix&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true).  
Vol. 1 (2009), pp. 255–294

## The China Shock: Learning from Labor-Market Adjustment to Large Changes in Trade (/content/journals/10.1146/annurev-economics-080315-015041)

David H. Autor (/search?value1=David+H.+Autor&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true), David Dorn (/search?value1=David+Dorn&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true) and Gordon H. Hanson (/search?value1=Gordon+H.+Hanson&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true).  
Vol. 8 (2016), pp. 205–240

## Weak Instruments in Instrumental Variables Regression: Theory and Practice (/content/journals/10.1146/annurev-economics-080218-025643)

Isaiah Andrews (/search?value1=Isaiah+Andrews&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true), James H. Stock (/search?value1=James+H.+Stock&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true) and Liyang Sun (/search?value1=Liyang+Sun&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true).  
Vol. 11 (2019), pp. 727–753

+ More

### About Annual Reviews:

[What We Do](#)  
(/about/what-we-do).

[Press and News](#)  
(/about/press-center).

[Careers](#)  
(/page/about/careers-at-annual-reviews).

[Contact Us](#)  
(/page/about/contact-us).

[FAQ](#)  
(/page/about/faq).

[Help](#) (/help/main)

### Discover Content:

[Journals A-Z](#)  
(/content/publications).

[Impact Factor Rankings](#)  
(/about/impact-factors).

[Publication Dates](#)  
(/journal/pubdates).

[Online Events](#) (/page/events).

[Article Collections](#)  
(/page/collectionarchive).  
[Knowable Magazine](#)  
(https://knowablemagazine.org/).

[Katina Magazine](#)  
(https://katinamagazine.org/).

[Against the Grain](#)  
(https://www.charleston-hub.com/about/about-against-the-grain/).

### Libraries and Institutions:

[Subscribe to Open \(S2O\)](#) (/S2O).

[Librarian Resource Center](#) (/page/librarians/librarian-resource-page).

[Institutional Account Administration](#)  
(https://www.annualreviews.org/registration/signin-or-register.action?signInTarget=%2Fadmin).

[Institutional Pricing](#) (/page/subscriptions/instchoice).

[Usage Statistics](#) (/action/showInstitutionUsageReport).

[Charleston Hub](#) (https://www.charleston-hub.com/).

[Katina | Librarianship Elevated](#) (https://katinamagazine.org/).

[Charleston Advisor \(Archive\)](#)  
(https://annurev.publisher.ingentaconnect.com/content/annurev/tca/).

[Against the Grain](#) (https://www.charleston-hub.com/about/about-against-the-grain/).

### Author Resources:

[Article Preparation and Submission](#)  
(/page/authors/general-information).

[Editorial Principles and Policies](#)  
(/page/authors/editorial-policies).

[Contact Us](#)  
(/page/authors/contact-us).

[Copyright and Permissions](#)  
(/page/about/copyright-and-permissions).

[Article Proposals](#)  
(/page/authors/author-instructions/unsolicited-authors).

© Copyright 2026 (/page/about/trademark). | [Contact Us](#) (/page/about/contact-us). | [Email Preferences](#) (/userpreferencecenter). | [Annual Reviews Directory](#) (/db/directory). | [Multimedia](#) (/topic/multimedia?target=do-topic). | [Supplemental Materials](#) (/db/suppl). | [FAQs](#) (/page/about/faq). | [Privacy Policy](#) (/page/about/privacy). | [Cookie Settings](#)

in

 (https://www.linkedin.com/company/annual-

(https://pubs.annualreviews.org/). [Annual Reviews](#) (/page/about/annual-reviews).