

1,193 62

Views

CrossRef citations to date

0

Altmetric

Original Articles

The Behavior of Japanese Individual Investors During Bull and Bear Markets

Kenneth A. Kim & John R. Nofsinger

Pages 138-153 | Published online: 05 Dec 2007

🗨️ Cite this article <https://doi.org/10.1080/15427560701545598>

Sample our
Economics, Finance,
Business & Industry Journals
>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

📄 Full Article

📊 Figures & data

📖 References

🗨️ Citations

📊 Metrics

📄 Reprints & Permissions

Read this article

Abstract

We study Japanese individual investors by contrasting their behavior during a long bull

market () is to test

whether) market

valuation) so assess

individual) nces in

investing) are

associ) sistent with

exist)

🔍 keyword

We Care About Your Privacy

We and our 849 partners store and/or access information on a device, such as unique IDs in cookies to process personal data. You may accept or manage your choices by clicking below, including your right to object where legitimate interest is used, or at any time in the privacy policy page. These choices will be signaled to our partners and will not affect browsing data. [Privacy Policy](#)

We and our partners process data to provide:

Use precise geolocation data. Actively scan device characteristics for identification. Store and/or access information on a device. Personalised advertising and content, advertising and content measurement, audience research and services development.

List of Partners (vendors)

I Accept

Essential Only

Show Purpose

Acknowledgement

We thank an anonymous referee, Rob Bloomfield, Kee Chung, Rachel Croson, Akiyoshi Horiuchi, Maureen O'Hara, Sergei Sarkissian, Qinghai Wang, Martin Webber, Yishay Yafeh, seminar participants at George Washington University, Hong Kong Polytechnic University, SUNY-Buffalo, University of Tokyo, University of Wisconsin-Milwaukee, the Financial Management Association meeting, the Midwest Finance Association meeting, and the RFS Conference on Experimental and Behavioral Finance for comments and discussions on earlier drafts of this paper. The usual disclaimer applies.

Notes

***,

**, and * denote statistical significance at the 1, 5, and 10 percent levels, respectively.

***,

**, and

* denote statistical significance at the 1, 5, and 10 percent levels, respectively.

***,

**, and

* denote statistical significance at the 1, 5, and 10 percent levels, respectively.

***,

**, and

* denote statistical significance at the 1, 5, and 10 percent levels, respectively.

***,

**, and

respectively.

¹ [Kim and](#) ... bull and

bear ma



²We also conduct analyses using only firms whose fiscal year begin in April (69% of our firms fit this criteria), but the results remain the same.

³The model of [Daniel et al. \[2001\]](#) provides a possible explanation for our risk findings. Their model suggests that less confident investors will use systematic risk measures as a signal for expected return. When investors become overconfident, like during a bull market, they may focus less on relevant or statistically-oriented information such as systematic risk measures. This might explain why Japanese individuals hold risky stocks primarily during a bear market instead of a bull market. However, we admit that we are merely applying a behavioral explanation to a result ex post, which is easy to do.

⁴To report portfolio t-statistics we estimate the following equation by year: $Level = \alpha + \delta \times Volatility$. We use these annual estimates of α and δ during the 6 bull market years to compute t-statistics to test whether the coefficients are different from zero and report them in [brackets] in the top half of the table. As the bottom half of the table tests the difference between bull and bear market behavior, we conduct a difference in means test of the annual α and δ estimates between the 6 bull market observations and the 10 bear market estimates. The resulting t-statistics are reported in [brackets] in the bottom half of the table.

Related research

People also read

Recommended articles

Cited by



Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up



✕