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Investor Overreaction: Evidence That Its Basis Is Psychological

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Abstract

Probably no subject in recent financial literature has generated more controversy than whether investors behave rationally in pricing stocks, or whether they overreact to market information, resulting in prices being too high or too low. Although the efficient market h … lly priced, repeate … ons. This evidence … tocks and below-av … he marketp … aking and theor … s and pani

We pres … als upon which se … major changes … planation other tha … so provides evidence that over- and underreaction may be a part of the same process.