

Accepted Manuscript

Psychological Price Barriers in Frontier Equities

Ales S. Berk, Mark Cummins, Michael Dowling, Brian M. Lucey

PII: S1042-4431(16)30182-2

DOI: <http://dx.doi.org/10.1016/j.intfin.2016.11.007>

Reference: INTFIN 906

To appear in: *Journal of International Financial Markets, Institutions & Money*

Received Date: 27 June 2016

Accepted Date: 20 November 2016

Please cite this article as: A.S. Berk, M. Cummins, M. Dowling, B.M. Lucey, Psychological Price Barriers in Frontier Equities, *Journal of International Financial Markets, Institutions & Money* (2016), doi: <http://dx.doi.org/10.1016/j.intfin.2016.11.007>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



Psychological Price Barriers in Frontier Equities

Ales S. Berk^a, Mark Cummins^b, Michael Dowling^c, Brian M. Lucey^d

^a*Faculty of Economics, University of Ljubljana*

^b*DCU Business School, Dublin City University*

^c*ESC Rennes School of Business*

^d*Trinity Business School, Trinity College Dublin*

Abstract

Psychological barriers are shown to be a feature in frontier market equity pricing. Using MSCI Frontier 100 index constituents; prices, upon breaching an upward or downward psychologically important price point, generally follow predictable patterns in the days after such a breach. It is demonstrated that certain characteristics of frontier markets drive the presence of this relationship. There are regional effects, and also cultural influences as measured by country individualism scores. Liquidity also appears to mediate the presence of psychological barriers. This constitutes a first study of behavioral influences in these fast-growing markets that are being increasingly recognised as an asset class with strong diversification benefits for investors previously restricted to developed and emerging equity markets.

Keywords: frontier markets, psychological barriers, individualism

Download English Version:

<https://daneshyari.com/en/article/5100979>

Download Persian Version:

<https://daneshyari.com/article/5100979>

[Daneshyari.com](https://daneshyari.com)