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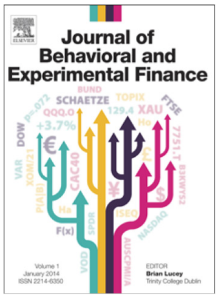

Countercyclical risk aversion: Beyond financial professionals

Christian König-Kersting, Stefan T. Trautmann

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Countercyclical Risk Aversion: Beyond Financial Professionals

Christian König-Kersting & Stefan T. Trautmann*

University of Heidelberg

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Abstract: We test if Cohn et al.'s (2015) experimental results on countercyclical risk aversion exhibited by financial professionals generalize to a standard student sample. In our sample, we do not find an effect of stock market bust or boom on subjects' investments. We do not find a systematic emotional reaction, nor do we find an effect of variation in the emotional state (especially fear) on investment. Our results add to the literature documenting behavioral differences between financial professionals and non-professionals and, taking a policy perspective, underline the need for careful external validity checks of single sample experiments.

Highlights:

- No effect of stock market priming on investment decisions
- No effect of stock market priming on experienced emotions
- No effect of emotions on investment decisions

JEL: E32, E44, G01, G11, G12
Keywords: risk aversion, business cycle, priming

* Corresponding author: Alfred-Weber-Institute for Economics, University of Heidelberg, Bergheimer Strasse 58, 69115 Heidelberg, Germany; Phone: +49 6221 54 2952; Fax: +49 6221 54 3592; email: trautmann@uni-hd.de.