

EUROPEAN FINANCIAL MANAGEMENT



Behavioural Finance SYMPOSIUM



April 20-22, 2006
Durham Business School, United Kingdom

Keynote Speaker: **Professor A. Subrahmanyam**, UCLA

Symposium Chairs: **Professor Phil Holmes**, **Professor Krishna Paudyal**

PROGRAMME

Date	Time	Session/ Chair/ Venue	Participants	Title	Discussant
Thursday 20 April	5:30 – 6:30 pm	Seminar room 2	All	Registration	N/A
	6.45 pm	MBA Theatre	All	Welcome to Durham	
	7:00 – 9:00 pm	EFM06 - Marquee	All	Inaugural Drinks Reception	sponsored by: The logo for the CFA Institute, featuring the letters 'CFA' in a blue box above the word 'INSTITUTE'.

					<i>Discussants</i>
Friday 21 April	8:30 – 10:00 am	Session 1 Chair: Angelo Ranaldo Venue: MBA Theatre	Jūlija Dziguļska, Gunta Jurča, Jekaterina Isajeva, Audrius Mozūras – Stockholm School of Economics in Riga	004 – Is it possible to “Beat the Monkey”? An Analysis of the Finnish Mutual Fund Industry	Alistair Byrne
			Alistair Byrne, David Blake, Andrew Cairns and Kevin Dowd, University of Strathclyde; Pensions Institute; Cass Business School; Heriot-Watt University and Nottingham University Business School, respectively.	025 – The Stakeholder Pension Lottery? An Analysis of the Default Funds in UK Stakeholder Pension Schemes	Toben Lütje
			Alexandra Niessen and Stefan Ruenzi, University of Cologne and Centre for Financial Research (CFR)	070 – Sex Matters: Gender and Mutual Funds	Gunta Jurča
Friday 21 April	8:30 – 10:00 am	Session 2 Chair: Gregory Koutmos Venue: Seminar Room 1	Michael Kaestner, Center for Research in Finance, Montpellier University and CEROM	104 – Investors’ Misreaction to Unexpected Earnings: Evidence of Simultaneous Overreaction and Underreaction	João Vasco Soares
			João Vasco Soares and Ana Paula Serra, Faculdade de Economia da Universidade do Porto	120 – “Overreaction” and “Underreaction”: - Evidence for the Portuguese Stock Market	Emilios Galariotis
			Konstantinos Kassimatis, Spyros Spyrou - Athens University; Emilios Galariotis, Durham Business School	044 – Behavioral Characteristics of Government Bond Investors Following Market Shocks: International Evidence	Michael Kaestner

					<i>Discussants</i>
Friday 21 April	8:30 – 10:00 am	Session 3 Chair: Markus C Arnold Venue: Seminar Room 8	Asad Kausar, Manchester Business School; Richard J Taffler, University of Edinburgh	066 – Testing Behavioral Finance Models of Market Under- and Overreaction: Do they Really Work?	Kwangmin Ko
			K Jeremy Ko and Zhijian (James) Huang, Pennsylvania State University	077 – Arrogance Can Be a Virtue: Overconfidence, Information Acquisition, and Market Efficiency	Luis Muga
			Luis Muga and Rafael Santamaría, Universidad Pública de Navarra	087 – Momentum, Market States and Investor Behavior	Asad Kausar
Friday 21 April	8:30 – 10:00 am	Session 4 Chair: Anders Anderson Venue: Seminar Room 2	H de L Bruslerie, Université Paris I Sorbonne; C Deffains-Crapsky, Université d'Angers	008 – Incentive Equilibrium and Negotiation of Stock Options Between Shareholders and Managers	Diana Pop
			Diana Pop, Laboratoire d'Economie d'Orléans	109 – Corporate Governance Solutions for Transition Economies: Representations and Warranties in Takeover Agreements	Zacharias Sautner
			Zacharias Sautner, Saïd Business School, University of Oxford; Martin Weber, Lehrstuhl für Bankbetriebslehre, Universität Mannheim	022 – Stock Options and Employee Behavior: Evidence from Exercise and Survey Data	Catherine Deffains-Crapsky
Friday 21 April	8:30 – 10:00 am	Session 5 Chair: James J Choi Venue: Boardroom	Antti Pirjettä, Helsinki School of Economics; Antti Rautiainen, School of Business, University of Jyväskylä	088 – ESO Valuation Under IFRS 2 – Considerations of Agency Theory, Risk aversion and the Binomial Model	Karl Ludwig Keiber
			Karl Ludwig Keiber, WHU Otto Beisheim Graduate School of Management	058 – Managerial Compensation Contracts and Overconfidence	Shing-yan Hu
			Yueh-hsiang Lin, Takming College, Taipei; Shing-yan Hu, Ming-shen Chen, National Taiwan University	078 – Testing Pecking Order Prediction from the Viewpoint of Managerial Optimism: Some Empirical Evidence from Taiwan	Antti Pirjettä

10:00 – 10:30 am

COFFEE**Discussants**

Friday, 21 April	10:30 – 12:00 pm	Session 6 Chair: Ana Paula Serra Venue: Seminar Room 8	Andreas Krause, University of Bath; K C John Wei, Hong Kong University of Science and Technology; Zhishu Yang, Tsinghua University	063 – Behavioral Bias of Traders: Evidence for the Disposition and Reverse Disposition Effect	Dimitris Petmazas
			Petra Joerg and Claudio Loderer, Institut für Finanzmanagement, Universität Bern	093 – Swiss Dentists and Managers: Private Investor Profiles	Angelo Rinaldo
			Angelo Rinaldo, Swiss National Bank; Rainer Häberle, UBS Investment Bank AG	057 – Wolf in Sheep’s Clothing: The Active Investment Strategies Behind Index Performance	Andreas Krause
Friday, 21 April	10:30 – 12:00 pm	Session 7 Chair: Paul J. Klumpes Venue: Seminar Room 1	Cheol S Eun and Swastika Mukherjee, College of Management, Georgia Institute of Technology	082 – The Geography of M&A: Contours and Causes	George Alexandridis
			George Alexandridis, Antonios Antoniou, Huainan Zhao, Durham Business School	132 – Belief Asymmetry and Gains from Acquisitions	Michael H Grote
			Michael H Grote and Marc P Ueber, Johan Wolfgang Goethe-Universität, Frankfurt Am Main	075 – Home Biased? A Spatial Analysis of the Domestic Merging Behavior of US Firms	Swastika Mukherjee
Friday, 21 April	10:30 – 12:00 pm	Session 8 Chair: Emilios Galariotis Venue: Seminar Room 2	Gerlinde Fellner and Erik Theissen, University of Bonn	101- Short Sale Constraints, Divergence of Opinion and Asset Values: Evidence from the Laboratory	Cal Muckley
			Selima Ben Mansour, CEREG Université Paris Dauphine; Elyès Jouini, CEREMADE, Université Paris Dauphine, Clotilde Napp, CEREMADE and CREST	052 – Is There a Pessimistic Bias in Individual Beliefs? Evidence from Survey Data	Katrin Muehlfeld
			Arjen van Witteloostuijn Groningen University and Durham Business School; Katrin Muehlfeld, Groningen University	134 – Trader Personality and Trading Performance – An Explorative Financial Market Pilot Experiment	Erik Theissen

					<i>Discussants</i>
Friday, 21 April	10:30 – 12:00 pm	Session 9	Anders Anderson, Swedish Institute for Financial Research (SIFR)	107 – Is Online Trading Gambling with Peanuts?	Lars Lochstoer
		Chair: Kwangmin Ko	Thomas Gilbert, Hass School of Business, U C Berkeley; Shimon Kogan, Tepper School of Business, Carnegie Mellon University; Lars Lochstoer, London Business School; Ataman Ozyildirim, The Conference Board	028 – Releases of Previously Published Information Move Aggregate Stock Prices	Andrew Vivian
		Venue: Boardroom	Andrew Vivian, Durham Business School	085 – The Payout Ratio, Earnings Growth and Returns: UK Industry Evidence	Anders Anderson
Friday, 21 April	10:30 – 12:00 pm	Session 10	Antonios Antoniou, Durham Business School; Gregory Koutmos, Fairfield University	119 – The Cost of Credit and Positive Feedback Trading: Evidence from the US Stock Market	Philipp Schmitz
		Chair: David Barr	Philipp Schmitz, Markus Glaser and Martin Weber – Lehrstuhl für Bankbetriebslehre, Universität Mannheim	086 – Individual Investor Sentiment and Stock Returns – What Do We Learn from Warrant Traders?	Pattarake Sarajoti
		Venue: MBA Theatre	Piman Limpaphayom, Sasin GIBA of Chulalongkorn University; Peter R Locke, The George Washington University; Pattarake Sarajoti, Sasin GIBA of Chulalongkorn University	133 – Gone with the Wind: Chicago's Weather and Futures Trading	Gregory Koutmos
Friday, 21 April	12:10 – 1:15 pm	Chair: Krishna Paudyal	Speaker: Professor A. Subrahmanyam	KEY NOTE SPEECH	
		Venue: MBA Theatre			
Friday, 21 April	1:15 – 2:30 pm	LUNCH			

					Discussants
Friday, 21 April	2:30 – 4:00 pm	Session 11 Chair: Robert Faff Venue: MBA Theatre	Natalia Scotto Piquiera, University of Houston	118 – Trading Activity, Illiquidity Costs and Stock Returns	Rob Watson
			Soeren Hvidkjaer, R H Smith School of Business, University of Maryland	029 – Small Trades and the Cross-Section of Stock Returns	Natalia Scotto Piquiera
			David Ikenberry, Department of Finance, University of Illinois; James Weston, Jones Graduate School of Management, Rice University	073 – Clustering in US Stock Prices After Decimalization	Soeren Hvidkjaer
Friday, 21 April	2:30 – 4:00 pm	Session 12 Chair: Richard Taffler Venue: Seminar Room 1	Elena Asparouhova, University of Utah; Michael Hertzog, Arizona State University; Michael Lemmon, University of Utah	117 – Behavioral Biases and Investor Behavior: Predicting the Next Step of a Random Walk (Revisited and Extended)	Alex Edmans
			Alex Edmans, MIT; Diego García, Tuck School of Business at Dartmouth and Øyvind Norli, Norwegian School of Management	030 – Sports Sentiment and Stock Returns	Yu Yuan
			Jianfeng Yu and Yu Yuan, Department of Finance, the Wharton School of University of Pennsylvania	033 – Investor Sentiment and the Mean-variance Relation	Elena Asparouhova
Friday, 21 April	2:30 – 4:00 pm	Session 13 Chair: Michael Schröder Venue: Seminar Room 2	Roger K Loh, Ohio State University and Singapore Management University (SMU); Mitch Warachka, (SMU)	039 – Unifying Behavioral Biases Under a Market Probability Measure with an Application to Analysts' Forecasts	Tal Shavit
			Tal Shavit, Uri Ben Zion – Ben Gurion University; Ido Erev, Technion, Haifa; Eman Haruvy, University of Texas at Dallas	041 – Risk Aversion, Under-diversification, and the Role of Recency and Probability Matching	Peter R Haiss
			Peter R Haiss, Europe Institute, University of Economics and Business Administration, Vienna	043 – Bank Herding: A Review and Synthesis	Mitch Warachka

					Discussants
Friday, 21 April	2:30 – 4:00 pm	Session 14	Adelson Piñón, Lehrstuhl für Bankbetriebslehre, Universität Mannheim and Madrid Autonomous University; Martin Weber, Lehrstuhl für Bankbetriebslehre, Universität Mannheim	042 – the Influence of Present and Prior Alternatives on Risk Aversion	Daniel Mulino
		Chair: John T Scruggs			
		Venue: Boardroom	Daniel Mulino, Richard Scheelings, Robert Brooks and Robert Faff; Monash University, Australia	048 – Deal or No Deal: Risk Aversion in a Field Experiment with Very High Stakes	Mingzhu Wang
			Mingzhu Wang, Arif Khurshed - Manchester Business School; Stephen Lin, Florida International University	059 – Institutional Blockholding in UK Firms: Do Corporate Internal Control Mechanisms Matter?	Adelson Piñón
Friday, 21 April	2:30 – 4:00 pm	Session 15	Diego Salzman, CORE, Université catholique de Louvain; Emanuela Trifan, Darmstadt University of Technology	065 – Emotions, Bayesian Inference, and Financial Decision Making	Elias Rantapuska
		Chair: George Bulkley			
		Venue: Seminar Room 8	Elias Rantapuska, Helsinki School of Economics	076 – Which Investors are Irrational? Evidence from Rights Issues	Mark B Shackleton
			Gordon Gemmill, University of Warwick; Mark B Shackleton, University of Lancaster	127 – Prospect Theory and Option Prices: Evidence from S&P500 Index Options	Diego Salzman
Friday, 21 April	4:00 – 4:15 pm	COFFEE			
Friday, 21 April	4:15 – 6:15 pm	Chair: Phil Holmes	Round Table Discussants: Kent Daniel, David Ikenberry, Narasimhan Jegadeesh, Tyler Shumway, and James Montier	Round Table Discussion	
	Venue: MBA Theatre				
Friday, 21 April	6:15 – 7:15 pm	Free – 1 hour preparation to attend Gala Dinner			
Friday, 21 April	(a) 7.15 pm (b) 7:30 pm	Coach - two pick up points: (a) Bus leaves from Business School for Lumley Castle (b) Bus leaves from Students Union for Lumley Castle			

	8:15 pm	Lumley Castle	GALA Dinner		
	11:00 pm		Coach departs Lumley Castle for Durham. 2 drop off points		
					Discussants
Saturday, 22 April	8.30 – 10.00 am	Session 16 Chair: Michael Hertzl Venue: Seminar Room 1	Richard Deaves, Michael G. DeGroot School of Business, McMaster University, Center for European Economic Research (ZEW), Mannheim; Erik Lüders, Lalve University, Quebec, (ZEW); Michael Schröder, (ZEW).	014 – The Dynamics of Overconfidence: Evidence from Stock Market Forecasters	Dinh Thanh Huong
			Dinh Thanh Huong and Jean-François Gajewski - IRG, University Paris	067 – An Experimental Study of Trading Volume and Divergence of Expectations in Relation to Earnings Announcement	Richard Taffler
			Thabang Mokoteli, Cranfield School of Management; Richard Taffler, University of Edinburgh	098 – Are Analysts Biased? An Analysis of Analysts' Stock Recommendations that Perform Contrary to Expectations	Michael Schröder
Saturday, 22 April	8.30 – 10.00 am	Session 17 Chair: Itzhak Venezia Venue: Seminar Room 8	John T Scruggs, Terry College of Business, University of Georgia	007 – Noise Trader Risk: Evidence from the Siamese Twins	Anders Ekholm
			Anders Ekholm and Daniel Pasternack, Swedish School of Economics and Business Administration	024 – Overconfidence and Investor Size	Alexandra Niessen
			Dr Toben Lütje, Deutsche Asset Management & University of Hannover, Germany	038 – To Be Good or To Be Better: Asset Managers' Attitudes Towards Herding	John T Scruggs

					<i>Discussants</i>
Saturday, 22 April	8.30 – 10.00 am	Session 18 Chair: Barbara Summers Venue: MBA Theatre	Keith Anderson, ISMA Centre, University of Reading; Chris Brooks, Cass Business School, City of London	009 - Decomposing the Price-Earnings Ratio	Joaquín Marhuenda
			Carlos Forner, Sonia Sanabria, Joaquín Marhuenda, University of Alicante	089 – Post-Earnings Announcement Drift: Spanish Evidence	Renata Herrerías
			George Bulkley, University of Exeter; Renata Herrerías, Instituto Tecnológico Autónomo de México	068 – Behavioural Models of Long-Run Returns Reversals: Evidence from Returns Following Profit Warnings	Keith Anderson
Saturday, 22 April	8.30 – 10.00 am	Session 19 Chair: Jie Zhang Venue: Seminar Room 2	Valentín Azofra Palenzuela, Beatriz Fernández Alonso and Eleuterio Vallelado González – University of Valladolid	096 – Market Under/Overreaction: Link to Representativeness and Conservatism	Fabrice Rousseau
			Laurent Germain, Toulouse Business School, and Europlace Institute of Finance; Fabrice Rousseau, National University of Ireland, Maynooth; Anne Vanhems, Toulouse Business School	097 – Optimistic & Pessimistic Trading in Financial Markets	Lun Zhang
			Yu-lei Rao, School of Business, Central South University, Changsha, PR China, Visiting Professor at LSE; Lun Zhang, Tongji University, Shanghai; Ping Wang, School of Business, Central South University, Changsha	122 – Modification of Value Function by Incorporating Mental Account	Eleuterio Vallelado González
Saturday, 22 April	10:00 – 10:15 am	COFFEE			

					<i>Discussants</i>
Saturday, 22 April	10:15 – 11:45 am	Session 20 Chair: Erik Theissen Venue: MBA Theatre	Kevin Keasey, Barbara Summers, Leeds University Business School; Darren Duxbury, LUBS and Affiliated Research Fellow of International Institute of Banking & Financial Services; Robert Hudson, International Institute of Banking and Financial Services	094 – Angst About Annuities: A Behavioral Exploration of Individuals' Attitudes Towards Annuities	Chi-Hsiou (Daniel) Hung
			Devraj Basu, University of Warwick; Chi-Hsiou (Daniel) Hung, Durham Business School; Roel Oomen and Alexander Stremme, University of Warwick	136 - When to Pick the Losers: Do Sentiment Indicators Improve Dynamic Asset Allocation?	Jerry Coakley
			Jerry Coakley, Leon Hadass and Andrew Wood, Department of Accounting, Finance and Management, University of Essex	113 – Hot IPOs Can Damage your Long-Run Wealth!	Barbara Summers
Saturday, 22 April	10:15 – 11:45 am	Session 21 Chair: Cal Muckley Venue: Seminar Room 8	John V Duca, Research Department, Federal Reserve Bank of Dallas; Richard G Anderson, Research Department, Federal Reserve Bank of St Louis	026 – The Evolving Impact of Stock Market Shocks and Mortgage Activity on Broad Money Demand	Jonathan Williams
			Jonathan Williams and Angel Liao, School for Business and Regional Development, University of Wales	124 – Implications of New Asymmetries in Foreign Exchange Markets	Mikael Bask
			Michael Bask, Monetary Policy and Research Department, Bank of Finland	114 - Announcement Effects on Exchange Rate Movements: Continuity as a Selection Criterion Among the REE	John V Duca
Saturday, 22 April	10:15 – 11:45 am	Session 22 Chair: Michael Kaestner Venue: Seminar Room 1	Jan Annaert, Anouk G P Claes, Marc J K De Ceuster, University of Antwerp	105 – Framing the Individual Investor: The Case of Capital Guaranteed Funds	Herbert Lam
			Antonios Antoniou, Herbert Lam and Krishna Paudyal, Durham Business School	137 - Divergence in Opinion, Limits to Arbitrage and Momentum Trading	Douglas Blackburn
			Douglas Blackburn and Andrey D Ukhov, Kelley School of Business, Indiana University	016 – Estimating Preferences Toward Risk: Evidence from Dow Jones	Marc J K De Ceuster

					Discussants
Saturday, 22 April	10:15 – 11:45 am	Session 23 Chair: Eleuterio Vallelado González Venue: Seminar Room 2	Chienwei Ho, Durham Business School	021 – Determinants of Direct Stockholding Behaviour of Younger/Non-Retired and Older/Retired Households in the U S	Itzhak Venezia
			Zur Shapira, Stern School of Business, New York University; Itzhak Venezia, The Hebrew University	135 – On Timing and Herding: Do Professional Investors Behave Differently than Amateurs?	Bernard Ben Sita
			Bernard Ben Sita, Swedish School of Economics and Business Administration	128 – The Relationship Between Variance and Trading Intensity	Chienwei Ho
Saturday, 22 April	11:45 – 1:15 pm	Session 24 Chair: Michael Bask Venue: MBA Theatre	Paolo Colla, Università Bocconi; Diego Salzman, CORE, Université catholique de Louvain	090 – Hopes and Beliefs in Financial Markets: Can Illusions Survive in the Long Run?	James J Choi
			K C John Wei, and Jie Zhang, Hong Kong University of Science and Technology	099 – The Limits of Arbitrage: Evidence from Fundamental Value-to-Price Trading Strategies	Paolo Colla
			James J Choi, Yale University and NBER	110 – Extrapolative Expectations and the Equity Premium	Jie Zhang
Saturday, 22 April	11:45 – 1:15 pm	Session 25 Chair: Alistair Byrne Venue: Seminar Room 1	Paul J Klumpes, Imperial College London; Robert G Walker, University of Sydney	032 – Disclosure Effectiveness of Financial Disclosure Regulations to Individual Investors: Evidence from the Field.	Markus C Arnold
			Markus C Arnold, University of Göttingen; Eva Ponick and Heike Y Schenk-Mathes, Institute of Management and Economics, Clausthal University of Technology	031 – Groves Mechanism vs Profit Sharing for Corporate Budgeting – and Experimental Analysis with Preplay Communication	Huainan Zhao
			Dong Hong and Mitch Warachka, Singapore Management University	054 – Return Uncertainty and the Appearance of Biases in Expected Returns	Paul J Klumpes

					<i>Discussants</i>
Saturday, 22 April	11:45 – 12:45 pm	Session 26	Karim M Abdir, Imperial College London; Laura Spierdijk, University of Twente	034 – Liquidity Constraints and the Demand for Assets: An Application to the Festivity Effect	Lars Nordén
		Chair: Keith Anderson	Anders Karlsson and Lars Nordén, School of Business, Stockholm University	053 – Benefits of Contribution: Individual Asset Allocation, Diversification and Welfare in a Defined Contribution Pension System	Laura Spierdijk
LUNCH 1:15pm – 14:00pm End of the programme					