University of Sussex
Business & Management

Seminar series

Date: Wednesday 12 December

Speaker: Efthymios G Tsionas (Athens University of Economics and Business)

Title: Revisiting herding behaviour: likelihood evidence

Abstract: We examine herding behaviour in the US stock market, employing 30 blue chip companies of the Dow Jones Industrial Average Index, through 2001-2011. We propose a novel multivariate stochastic volatility methodology extended to allow for common factors that detect and measure the contribution of herding conditional on stylized-fact features of returns. We document the existence of herding during the recent global financial crisis and its aftermath. Our results have important policy implications and highlight the significant changes encountered by the global financial system as well as the increased systemic risk market participants are exposed to.