FINANCIAL INFORMATION NETWORKS AND THE STOCK MARKET: EMPIRICAL SURVEY EVIDENCE

Chryssi Giannitsarou

Abstract: We model informative social interactions within a large asset market, showing that they influence subjective expectations of future stock returns and directly the demand for stocks. We collect novel survey data from a representative French population sample, and we find that respondent perceptions of how informed or widely participating their peers are influence subjective expectations of stock returns solely through sharpening perceptions of past returns. Conditioning on expectations, stock market participation and the conditional portfolio share significantly increase with perceived peer stock market participation and information. Alongside informative social interactions, we also find some evidence of mindless imitation of peers.

Research Progress: We have completed one paper, titled "Informative Social Interactions", which has now been submitted for publication (awaiting decision). We have also initiated a second paper on the same broad research theme, that examines how social interactions affect if at all, decisions about housing (purchase of house, or renting, mortgages, etc.). This second paper uses the data from the same survey as for the stock market. We have made good progress with this and have some encouraging first results indicating that social interactions make households better informed about housing markets.

Current Research Outputs: Completed paper "Informative Social Interactions". The paper will be soon made available in SSRN.

Conference and Seminar Presentations: Since the start of this fellowship round (May 2016-April 2018), we presented this work in the following conferences and seminars:

- BCAM Workshop, London (May 2016)
- Society of Economic Dynamics, Toulouse (June 2016)
- Computing in Economics and Finance, New York (June 2017)
- EEA-ESEM, Lisbon (August 2017)
- ASSA, Philadelphia (January 2018). Invited Session of the American Economic Association
- ETH-KOF, Zurich (March 2018)