

Some Explanation of Instability of the Beta Coefficient in China

Yiming Zhang

Wuhan No. 6 Middle School International Department, Wuhan, 430016, China.

Abstract

Many factors have made the Beta index of all walks of life in China, such unstable may bring far-reaching negative impacts to the future. This article is mainly committed to leading to the instability of the overall Beta coefficient of the Chinese industry. In this paper, the author has studied the articles and research results of previous researchers, and found that it can be partially concluded as three reasons: the source of CAPM capital pricing model, the navigation stocks and flock effects and lottery effect.

Keywords

Beta Coefficient; Capital Asset; Pricing Model; Lottery Effect; Navigation.

1. Introduction

Part of the Beta coefficient, the capital asset pricing model CAPM is a risk index, which is used to measure the price fluctuations of individual stocks or stock funds relative to the entire stock market, or can abstract systemic risks, because the total risk is equal to the system. Sexual risk plus individual risks. By estimating the Beta coefficient, the researchers can roughly estimate the future risk of the market. However, the Beta coefficients of all walks of life in China present unpredictable instability, which directly leads to researchers unable to estimate the risks of the market to prevent future risks and possible problems. [1]

2. CAPM is abroad

Firstly, the research on the Beta coefficient is a foreign model, such as capital asset pricing model or SIM, can say that domestic research is based on foreign existing research results, the exact Beta of my country's stock or securities market. [2] Whether the value can be used by these models, it is still a unresolved question. If you don't pass the scientific inspection, these models can be used directly for the conclusions of my country or Moving Europe and the United States, but now there is no researcher in China. Effective arguments to explain the above problems

3. Navigation stocks and flock effects

The represented behalf of the delegates can affect the stock security market, usually account for 50% of the stock, or it can be understood as shareholders, usually relative to retail. [3] And the shares are very understood, the stocks held by the Manistor, the residents are the shares that have been continuously incorporated or reducing their stocks, which is what we often say by the warehouse, and then select the machine after selling the stock price. Strict profit. The link between the hield and the flock effect is that the psychology of the Bigger's large use of retail households, such as the choice of the same investment strategy, is the so-called flock effect, such as the dealer pull the price or makes the retail households have certain interests, the retail operators may start shake And think about whether it needs to be reduced, once a division of retail workers are selling, other retail profit margins will imitate, this is the so-called flock effect. It can be seen that the flock effect in the hord seems to be complementary, and the probability will increase the systematic risk of the market.

Lu Xiao Hua (2013) pointed out that the manipulation of the Manistor has increased significantly higher than the increase in the same period of the market, and enlarges the stock price to the surplus reaction, leading to the company's accounting earnings, resulting in The stock market price-earning ratio, which may greatly reduce the pricing efficiency and resource allocation efficiency of the stock market, and the stock market speculation will directly lead to the plunder of the wealth of small and medium-sized members.

Hence I speculate that the hire and the flock effect also affects the stability of Beta coefficients in my country, but this guess is still lacking the argument, and I may do more research in the later stage.

4. Lottery effect

China's stock market speculation is more obvious compared to foreign markets. Chinese investors like to buy a lot of buying in a stock to present extremely profitable, and do not consider this behavior will bring the risk of investment portfolio. Try to figure out thousands of pounds, high. Such a real value of such stocks, this behavioral speculation is very strong, and this highly speculative general probability will have a negative impact on the entire stock market.

Wang, Yan, And Yu (2017) pointed out that when people are in a floating loss, due to the pursuit of risks, they often count on high-risk stocks back, resulting in further overestimation, so risk and expected yields; When people are in a floating, due to risk disgust, it is often sold more high-risk stocks, resulting in further underestimation, so risks and expected yields are positively correlated. [4]

Previous researchers have proved that the association between the Peta coefficient and the lottery effect is indicated that the Beta coefficient of the market factor (MKT) is significantly greater than zero at 1% confidence, and in general, with the increase of MAX The Beta coefficient of the market factor (MKT) is also increasing, which means that the systematic risk of high max combination is greater relative to low Max combinations. [5]

By analyzing the above content, the maximum yield (max) in the previous month is, the larger the market factor, the bigger stocks, and the largest yields can also be simply understood as the high-risk, extremely profitable stocks. Here, representatives can represent the gambling stocks held by the investors, and the impact is the impact of the Beta coefficient. It can be seen that the lottery effect is indeed associated with the Beta coefficient.

5. Conclusion

It is easy to see that the Beta coefficients of all walks of life in China are unstable. This can be attributed to a wide variety of factors, such as the government's supervision or the market is still in a development period or in my country's investors is not mature. Psychological phenomena, like lthis discussion and summary of the flock effect. The negative impact of the Beta coefficient instability will be apparent. The systematic risk of the market will not predict that future researchers can try to propose new Beta-based algorithms or adjust CAPM making it more suitable for China.

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