

Market Efficiency, Behavioural Finance, and Anomalies

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Preface

This book has compiled with five Journals papers and two working papers, a total of seven papers. For all the journal papers, we have obtained permission from the Editors/Editors-in-Chief to include all the journal papers in our book and we have all the rights for our working papers. Thus, we do not have any copyright issue in our book. In this book, we first write two papers (Chapters 1 and 2) to review the theory and literature on market efficiency, behavioural finance and market anomalies. Then, the readers can find it easy to understand the key concepts of this book. One of co-authors, Wing-Kwong Au, revises two papers (Chapters 3 and 4) which were written by Tai-Yuen Hon about the behaviour and investment decision of small investors in the Hong Kong Stock Market, with the empirical results basically consistent with the predictions of behavioural finance theory. Kai-Yin Woo guides two students to complete two working papers (Chapters 5 and 6) about hedging effectiveness and the performance of Initial Public Offerings (IPO) in Hong Kong. The results in these studies provide important implications for portfolio diversification and also suggest that IPOs in Hong Kong may underperform the market in the long run. Wing-Keung Wong and his research partners make the forecast generated from E/P Ratio and bond yield in order to beat stock markets (Chapter 7) and can conclude that Standardized Yield Differential (SYD) indicator is indeed a useful technical analysis tool for stock market investment. Five of the authors spend three years to complete this book “Market Efficiency, Behavioural Finance, and Anomalies”. However, one of our co-authors, Michael McAleer, passed away in July 2021. We are still eager to publish this book in KSP Library to commemorate his contributions and guidance.

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