

Discussion of A New Measure of Herding Behavior on Financial Markets

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Summary

1. This paper addresses the new measure of herding behaviors specific in overall market compared with the LSV measure.
2. Three state possibility of value to derive independent buy ratio
3. Plug in the Beta distribution to estimate the deviation of independent trading
4. Beta-Bino distribution to compute the deviation of independent trading by chance



Comment and Suggestion

1. Why do you compare with LSV measure?
2. Chang, Cheng and Khorana (2000):CSAD model
(Cross-sectional absolute deviation)



Comment and Suggestion

1. The model shows that the result is better than the LSV model, but I wonder if it is due to the data during 2008.
2. Robustness test

