



Investor myopia and the momentum premium across international equity markets

While evidence of a momentum premium has received widespread empirical support, there is a large dispersion in the size of the premium across international markets. This paper uses the heterogeneity in the size of the momentum premium across countries to examine the role of investor myopia in determining the size of the premium. The authors argue that investor myopia can cause momentum as it induces investor under-reaction to news. Constructing a myopia index, which accounts for differences in cultural attitudes towards the weighting of past returns in the formation of expected returns, the authors show that countries that are more myopic have a higher momentum premium.

Click on the below link to read more about this research:

Academic Research (<https://www.cambridge.org/core/journals/journal-of-financial-and-quantitativeanalysis/article/investor-myopia-and-the-momentum-premium-across-international-equitymarkets/7B9EA2429FEF045F4E2C6C50CF34D03E>)

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