



HERDING BEHAVIORS IN ASEAN STOCK MARKETS

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Abstract

Herding behavior is one of the financial behavior which are widely researched by many researchers in the world, but there is no consistent model and results to show whether herding behavior exist or not. The herding behavior mean investors buying or selling similarly same stock as other investors buy or sell. The herding behavior implies the correlated pattern behavior of different individuals. This paper aims to test whether the herding behaviors existing in 6 ASEAN stock markets including Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam. The empirical results from 6 ASEAN stock markets show that the herding behavior has existed only in Vietnam, and Vietnam own significant herding behavior during different asymmetric market conditions. We also find evidence to show the significant role of US return dispersions in ASEAN stock market. But US stock market cannot affect the herding formation of each ASEAN stock markets.

Keywords: *herding behavior, behavioral finance, cross-sectional absolute deviation, ASEAN stock markets*

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