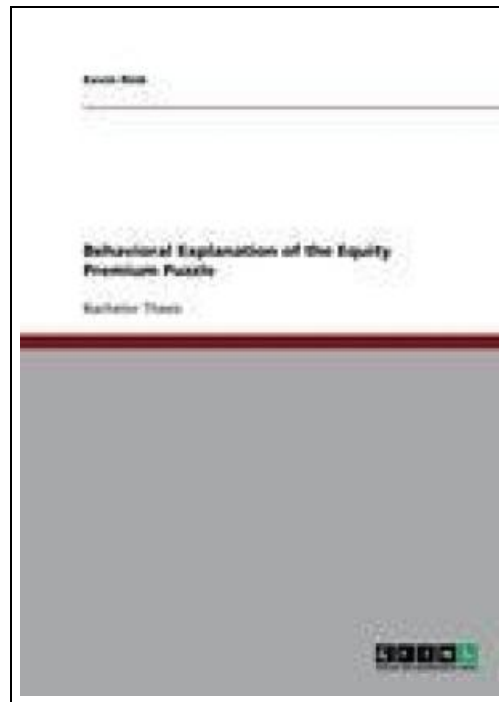


## Behavioral Explanation of the Equity Premium Puzzle



Filesize: 6.24 MB

### **Reviews**

*Thorough manual for publication fanatics. It is actually rally intriguing through reading through period of time. Its been written in an remarkably simple way and is particularly only after i finished reading through this book in which actually transformed me, change the way i think.*

**(Morris Schultz)**

## BEHAVIORAL EXPLANATION OF THE EQUITY PREMIUM PUZZLE



To read **Behavioral Explanation of the Equity Premium Puzzle** PDF, please click the button listed below and save the ebook or gain access to additional information that are related to BEHAVIORAL EXPLANATION OF THE EQUITY PREMIUM PUZZLE ebook.

Grin Verlag Apr 2010, 2010. Taschenbuch. Book Condition: Neu. 216x151x13 mm. This item is printed on demand - Print on Demand Titel. - Bachelor Thesis from the year 2010 in the subject Business economics - Business Management, Corporate Governance, grade: 1,0, European Business School - International University Schloß Reichartshausen Oestrich-Winkel, language: English, abstract: Ever since the equity premium puzzle (EEP) was published by Mehra and Prescott (1985), it has become one of the most investigated problems in economics (Mehra, 2003, p. 54). The EEP describes the fact that we cannot link historic stock returns with the volatility of consumption growth (in a sense to be made precise below). Mehra and Prescott call this a puzzle as their consumption-based asset pricing model can not plausibly explain the S&P 500 s annual risk premium of 6.2% over relatively risk-free governmental treasury bills between 1889 and 1978. This model reproduces an equity premium of 6.2% solely by adapting unreasonable estimates of agents risk aversion (Mehra & Prescott, 1985, pp. 155-156). In this way, the model also predicts an extreme size of the risk-free rate (Cochrane, 2000, p. 416). Thus, the equity premium is not able to be explained exclusively by the risk of stock price fluctuations. (.) This thesis will examine the EPP from a behavioral perspective. The major research question to be pursued is this: How do behavioral approaches explain the equity premium puzzle In order to answer this question, a variety of subtasks must be addressed. This includes the investigation of the initial model of Mehra and Prescott (1985) as well as its underlying assumptions. That is, in particular, needed because several well-established classical assumptions must be dropped to set up descriptive behavioral models. In addition, implications from psychology and behavioral economics must be introduced to answer the overall question of..



[Read Behavioral Explanation of the Equity Premium Puzzle Online](#)



[Download PDF Behavioral Explanation of the Equity Premium Puzzle](#)

## You May Also Like



[PDF] **Childrens Educational Book Junior Vincent van Gogh A Kids Introduction to the Artist and his Paintings. Age 7 8 9 10 year-olds SMART READS for . - Expand Inspire Young Minds Volume 1**

Follow the hyperlink beneath to download "Childrens Educational Book Junior Vincent van Gogh A Kids Introduction to the Artist and his Paintings. Age 7 8 9 10 year-olds SMART READS for . - Expand Inspire Young Minds Volume 1" document.

[Read PDF »](#)



[PDF] **Because It Is Bitter, and Because It Is My Heart (Plume)**

Follow the hyperlink beneath to download "Because It Is Bitter, and Because It Is My Heart (Plume)" document.

[Read PDF »](#)



[PDF] **Becoming Barenaked: Leaving a Six Figure Career, Selling All of Our Crap, Pulling the Kids Out of School, and Buying an RV We Hit the Road in Search Our Own American Dream. Redefining What It Meant to Be a Family in America.**

Follow the hyperlink beneath to download "Becoming Barenaked: Leaving a Six Figure Career, Selling All of Our Crap, Pulling the Kids Out of School, and Buying an RV We Hit the Road in Search Our Own American Dream. Redefining What It Meant to Be a Family in America." document.

[Read PDF »](#)



[PDF] **Some of My Best Friends Are Books : Guiding Gifted Readers from Preschool to High School**

Follow the hyperlink beneath to download "Some of My Best Friends Are Books : Guiding Gifted Readers from Preschool to High School" document.

[Read PDF »](#)



[PDF] **Games with Books : 28 of the Best Childrens Books and How to Use Them to Help Your Child Learn - From Preschool to Third Grade**

Follow the hyperlink beneath to download "Games with Books : 28 of the Best Childrens Books and How to Use Them to Help Your Child Learn - From Preschool to Third Grade" document.

[Read PDF »](#)



[PDF] **Bully, the Bullied, and the Not-So Innocent Bystander: From Preschool to High School and Beyond: Breaking the Cycle of Violence and Creating More Deeply Caring Communities**

Follow the hyperlink beneath to download "Bully, the Bullied, and the Not-So Innocent Bystander: From Preschool to High School and Beyond: Breaking the Cycle of Violence and Creating More Deeply Caring Communities" document.

[Read PDF »](#)