Table 1

Summary Statistics of Individuals' Trading Activities

	Year			
	1996	1997	1998	1999
Panel A: Individual counts				
No. of Individual Traders	184,005	1,006,260	1,014,991	730,575
Percentage of all TSEC Individual Traders (%)	14.06	46.49	36.25	25.09
Proportion of New Open Account Investors in the sample (%)	98.4	88.1	96.6	85.5
Panel B: Trading activities per individual traders per year				
No. of Stocks	4.52	6.73	3.68	4.03
No. of Trades	20.01	28.45	13.65	16.32
Annual Trading Lots (000)	80	83	42	52
Annual Trading volume ($NT thousand)	2,975	4,841	1,878	2,235
Panel C: Trading activities per individual traders per month				
No. of Stocks	0.59	0.95	0.47	0.54
No. of Trades	2.74	3.79	2.67	2.73
Monthly Trading Lots (000)	19	16	10	12
Monthly Trading volume ($NT thousand)	729	902	435	516

This table contains the summary statistics of the sample. The data set includes of all intraday transactions for common stock investments of individual investors on the Taiwan Stock Exchange (TSEC). We eliminate investors who have ever used credit trading. To be included in our sample, an investor must have had no trades in the previous year. Panel A reports the number of individual traders, its proportion of all TSEC individuals, and proportion of new open account investors in the sample. Panel B and C present the trading activities per individual traders per year and per month (the number of stocks, the number of trades, annual trading lots, and annual trading volume).

Table 2

Summary Statistics for the Sample of 3S3B

	1996	1997	1998	1999
Panel A: Sales				
Trade Size ($)				
Mean	402647	327601	240987	263273
25th percentile	53200	71500	50000	53000
Median	111070	134000	93600	104000
75th percentile	258340	272000	190000	210000
Std. Deviation	1804701	1325730	1086946	1066972
No. of Obs.	1809	11697	4896	4149
Daily Turnover (%)				
Mean	29.53	31.56	30.67	21.50
25th percentile	11.29	12.82	11.85	12.49
Median	22.08	23.58	22.72	23.38
75th percentile	39.56	41.88	40.65	42.20
Std. Deviation	25.46	57.46	25.82	26.00
No. of Obs.	1788	11578	4845	4116
Panel B: Purchase				
Trade Size ($)				
Mean	528565	387061	337752	347499
25th percentile	73500	92790	61600	67500
Median	153000	173000	120000	132500
75th percentile	358900	351865	250000	280000
Std. Deviation	2459841	1124445	1403692	1258797
No. of Obs.	808	5364	2221	1873
Daily Turnover (%)				
Mean	103.52	177.75	119.05	207.94
25th percentile	14.70	19.02	16.20	16.59
Median	35.90	42.34	36.65	40.17
75th percentile	91.77	101.03	90.33	97.04
Std. Deviation	277.38	1772.43	460.73	2072.23
No. of Obs.	711	4851	1954	1653

Table 2—*Continued*

	1996	1997	1998	1999
Panel C: Aggregate Sales and Purchases				
Aggregate Sales ($)	1207940	982803	722961	789818
Aggregate Purchases ($)	708260	532495	459649	470618
Purchase-Sale Ratio (%)	68.26	63.86	64.87	66.58
Aggregate Sale Turnover (%)	62.00	65.69	64.71	66.20
Aggregate Purchase Turnover (%)	41.16	41.01	41.24	41.00
No. of Obs.	603	3899	1632	1383

This table reports the summary statistics of trading events for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. Daily turnover is calculated as the value of shares sales (or purchase) during the day *t* divided by the total beginning-of-day market value of the investor's portfolio. We calculate aggregate turnover by summing all sales (or purchases) during sale (or purchase) period in each trading event and dividing by the total beginning-of-event market value of the investor's portfolio. The purchase-sale ratio is calculated as the aggregate purchases divided by the aggregate sales during a trading event.

Table 3

Summary Statistics for the Sample of 4S4B

	1996	1997	1998	1999
Panel A: Sales				
Trade Size ($)				
Mean	641916	375673	293329	248940
25th percentile	60500	71500	53000	52750
Median	123000	139000	95900	103000
75th percentile	267000	299140	201900	237250
Std. Deviation	4036141	915115	1227615	520810
No. of Obs.	241	1684	786	696
Daily Turnover (%)				
Mean	23.37	25.35	23.60	26.30
25th percentile	8.66	9.64	8.99	10.23
Median	21.98	18.64	17.50	19.41
75th percentile	39.98	33.82	30.53	33.52
Std. Deviation	26.67	22.04	21.24	22.83
No. of Obs.	237	1673	784	695
Panel B: Purchase				
Trade Size ($)				
Mean	657714	439942	347799	342859
25th percentile	75580	91000	64600	64000
Median	157160	185000	138500	134700
75th percentile	368500	382450	292000	310000
Std. Deviation	2581054	852220	920066	707899
No. of Obs.	97	661	317	259
Daily Turnover (%)				
Mean	79.06	122.37	218.69	282.56
25th percentile	10.71	13.92	13.38	15.82
Median	29.05	34.35	30.22	38.39
75th percentile	85.03	80.49	75.43	94.00
Std. Deviation	179.39	599.47	1780.78	1358.50
No. of Obs.	82	616	301	238

Table 3—*Continued*

	1996	1997	1998	1999
Panel C: Aggregate Sales and Purchases				
Aggregate Sales ($)	2536095	1502692	1170339	995759
Aggregate Purchases ($)	1045873	690740	559656	510348
Purchase-Sale Ratio (%)	50.71	56.36	58.32	61.64
Aggregate Sale Turnover (%)	66.45	68.10	63.25	67.93
Aggregate Purchase Turnover (%)	31.99	37.13	36.37	36.29
No. of Obs.	61	421	197	174

This table reports the summary statistics of trading events for 4 days in which there is purchase only following a successive 4 days sales of stocks, denoted by 4S4B. Daily turnover is calculated as the value of shares sales (or purchase) during the day *t* divided by the total beginning-of-day market value of the investor's portfolio. We calculate aggregate turnover by summing all sales (or purchases) during sale (or purchase) period in each trading event and dividing by the total beginning-of-event market value of the investor's portfolio. The purchase-sale ratio is calculated as the aggregate purchases divided by the aggregate sales during a trading event.

Table 4

Summary Statistics for the Sample of 3S4B

	1996	1997	1998	1999
Panel A: Sales				
Trade Size ($)				
Mean	403193	318408	244813	262186
25th percentile	53780	70945	50800	52500
Median	112250	131500	93550	106000
75th percentile	268340	266000	193600	211500
Std. Deviation	1794380	1350936	1038557	1053835
No. of Obs.	1818	11148	4662	4086
Daily Turnover (%)				
Mean	30.83	32.32	31.11	31.79
25th percentile	11.83	13.23	12.07	12.57
Median	23.06	24.31	23.05	23.38
75th percentile	42.32	42.98	41.47	42.41
S. D.	25.98	58.73	26.16	26.39
No. of Obs.	1799	11035	4615	4050
Panel B: Purchase				
Trade Size ($)				
Mean	520801	371049	322765	366702
25th percentile	68400	91780	62000	65200
Median	152340	165000	116000	129600
75th percentile	354000	335500	237600	265000
Std. Deviation	2386999	1124755	1299401	1432620
No. of Obs.	875	5571	2330	2011
Daily Turnover (%)				
Mean	112.64	179.30	112.85	146.90
25th percentile	13.42	18.90	15.69	15.76
Median	34.44	41.42	35.06	37.95
75th percentile	93.39	97.08	87.28	91.08
Std. Deviation	328.26	1759.52	451.86	670.35
No. of Obs.	773	5053	2065	1781

Table 4—*Continued*

	1996	1997	1998	1999
Panel C: Aggregate Sales and Purchases				
Aggregate Sales ($)	1209579	955224	734438	786559
Aggregate Purchases ($)	751982	556274	483926	541438
Purchase-Sale Ratio (%)	68.19	68.41	69.06	70.56
Aggregate Sale Turnover (%)	64.20	66.65	65.33	66.29
Aggregate Purchase Turnover (%)	41.16	44.38	44.25	43.57
No. of Obs.	606	3716	1554	1362

This table reports the summary statistics of trading events for 4 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S4B. Daily turnover is calculated as the value of shares sales (or purchase) during the day *t* divided by the total beginning-of-day market value of the investor's portfolio. We calculate aggregate turnover by summing all sales (or purchases) during sale (or purchase) period in each trading event and dividing by the total beginning-of-event market value of the investor's portfolio. The purchase-sale ratio is calculated as the aggregate purchases divided by the aggregate sales during a trading event.

Table 5

Summary Statistics for the Sample of 3S5B

	1996	1997	1998	1999
Panel A: Sales				
Trade Size ($)				
Mean	398960	313821	244132	285117
25th percentile	55500	71000	51400	53000
Median	116100	133000	95650	108000
75th percentile	273000	270000	202500	215000
Std. Deviation	1800545	1287337	936520	1309228
No. of Obs.	1716	10152	4434	3912
Daily Turnover (%)				
Mean	32.23	32.74	31.91	32.50
25th percentile	12.29	13.57	12.32	12.70
Median	24.16	24.78	23.58	24.11
75th percentile	44.73	43.36	42.91	43.84
Std. Deviation	26.73	61.03	26.73	26.82
No. of Obs.	1740	10058	4387	3883
Panel B: Purchase				
Trade Size ($)				
Mean	497884	368149	329461	383760
25th percentile	69500	91000	61200	72000
Median	156100	163500	118000	134200
75th percentile	360500	333280	241500	269500
Std. Deviation	2297227	1111120	1287148	1560267
No. of Obs.	898	5445	2379	2020
Daily Turnover (%)				
Mean	122.01	166.98	113.41	152.84
25th percentile	13.79	18.03	15.08	15.86
Median	35.91	39.95	34.05	36.80
75th percentile	89.71	93.32	86.66	93.61
Std. Deviation	482.85	1759.57	458.33	694.56
No. of Obs.	787	4954	2106	1786

Table 5—*Continued*

	1996	1997	1998	1999
Panel C: Aggregate Sales and Purchases				
Aggregate Sales ($)	1196878	941464	732396	855351
Aggregate Purchases ($)	761669	592368	530303	594475
Purchase-Sale Ratio (%)	70.10	72.67	72.66	77.11
Aggregate Sale Turnover (%)	66.69	67.33	66.46	67.50
Aggregate Purchase Turnover (%)	44.45	47.21	48.56	47.16
No. of Obs.	587	3384	1478	1304

This table reports the summary statistics of trading events for 5 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S5B. Daily turnover is calculated as the value of shares sales (or purchase) during the day *t* divided by the total beginning-of-day market value of the investor's portfolio. We calculate aggregate turnover by summing all sales (or purchases) during sale (or purchase) period in each trading event and dividing by the total beginning-of-event market value of the investor's portfolio. The purchase-sale ratio is calculated as the aggregate purchases divided by the aggregate sales during a trading event.

Table 6

Summary Statistics for the Sample of 3S10B

	1996	1997	1998	1999
Panel A: Sales				
Trade Size ($)				
Mean	362374	312700	270283	284357
25th percentile	53195	70000	52500	52500
Median	106790	131500	94800	106000
75th percentile	257250	268000	205000	217000
Std. Deviation	1935249	1166347	1100328	1183805
No. of Obs.	1236	6726	3234	2715
Daily Turnover (%)				
Mean	35.37	33.56	33.07	33.88
25th percentile	13.76	14.23	12.76	13.41
Median	27.60	26.30	24.54	25.56
75th percentile	48.90	45.18	45.11	45.94
Std. Deviation	28.42	26.05	27.56	27.21
No. of Obs.	1224	6666	3207	2694
Panel B: Purchase				
Trade Size ($)				
Mean	477904	348793	324270	442816
25th percentile	64075	84570	59100	65000
Median	149725	152000	112800	130000
75th percentile	317750	308000	237800	268000
Std. Deviation	2376660	1061071	1337044	2222153
No. of Obs.	744	4278	2088	1623
Daily Turnover (%)				
Mean	119.97	296.88	99.38	121.80
25th percentile	14.70	16.21	13.76	16.09
Median	37.99	36.13	30.15	35.48
75th percentile	88.36	81.29	71.30	88.33
Std. Deviation	489.27	9781.36	441.53	420.21
No. of Obs.	641	3900	1864	1443

Table 6—*Continued*

	1996	1997	1998	1999
Panel C: Aggregate Sales and Purchases				
Aggregate Sales ($)	1087122	938099	810848	853070
Aggregate Purchases ($)	863010	665538	628086	794133
Purchase-Sale Ratio (%)	81.97	81.60	83.71	92.32
Aggregate Sale Turnover (%)	71.04	69.18	68.67	69.55
Aggregate Purchase Turnover (%)	53.78	54.34	57.24	56.16
No. of Obs.	412	2242	1078	905

This table reports the summary statistics of trading events for 10 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S10B. Daily turnover is calculated as the value of shares sales (or purchase) during the day *t* divided by the total beginning-of-day market value of the investor's portfolio. We calculate aggregate turnover by summing all sales (or purchases) during sale (or purchase) period in each trading event and dividing by the total beginning-of-event market value of the investor's portfolio. The purchase-sale ratio is calculated as the aggregate purchases divided by the aggregate sales during a trading event.

Table 7

Investment Performance for the Sample of 3S3B

	1996	1997	1998	1999
Panel A: FIFO method to calculate profits				
Profit				
Mean	13157	-585	333	12949
% on Portfolio Value	2.16	1.47	0.59	2.79
No. of Obs.	490	3189	1361	1234
Gain				
Mean	21612	22320	9305	19641
% on Portfolio Value	3.23	4.85	3.75	4.98
No. of Obs.	399	2252	867	960
Loss				
Mean	-23912	-55896	-15570	-10721
% on Portfolio Value	-2.54	-6.68	-5.00	-4.94
No. of Obs.	91	933	490	270
Panel B: LIFO method to calculate profits				
Profit				
Mean	11806	-2681	-2056	11382
% on Portfolio Value	2.05	1.25	0.43	2.65
No. of Obs.	490	3189	1361	1234
Gain				
Mean	18069	20884	7958	16296
% on Portfolio Value	3.07	4.48	3.41	4.67
No. of Obs.	403	2300	913	992
Loss				
Mean	-17207	-63942	-22634	-8807
% on Portfolio Value	-2.65	-7.16	-5.69	-5.65
No. of Obs.	87	885	445	241

Table 7—*Continued*

	1996	1997	1998	1999
Panel C: Average-cost method to calculate profits				
Profit				
Mean	8106	-6420	-2994	11345
% on Portfolio Value	1.34	-0.80	-0.08	-0.02
No. of Obs.	490	3189	1361	1234
Gain				
Mean	19434	20159	8393	16939
% on Portfolio Value	3.05	4.47	3.56	4.68
No. of Obs.	371	2143	837	952
Loss				
Mean	-27210	-61006	-21244	-7647
% on Portfolio Value	-3.99	-0.02	-5.92	-0.08
No. of Obs.	119	1044	523	280
Panel D: Prior High method to calculate profits				
Profit				
Mean	-1223	-21117	-7698	-452
% on Portfolio Value	-0.20	-3.40	-3.36	-0.88
No. of Obs.	490	3189	1361	1234
Gain				
Mean	14169	10957	7127	11299
% on Portfolio Value	2.45	3.14	2.69	3.39
No. of Obs.	249	1133	467	601
Loss				
Mean	-17427	-38965	-15590	-11667
% on Portfolio Value	-2.99	-7.03	-6.55	-4.96
No. of Obs.	237	2049	890	630

This table reports investment performance of trading events for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. Profit is calculated by the methods of FIFO, LIFO, average-cost, and prior high methods, which takes the first purchase price, the most recent purchase price, the average purchase price,

and the highest market price as the reference point, respectively. Percentage on portfolio value is calculated as the value of profit (gain or loss) during the sales period divided by the total beginning-of-event market value of the investor’s portfolio.

Table 8

Investment Performance for the Sample of 4S4B

	1996	1997	1998	1999
Panel A: FIFO method to calculate profits				
Profit				
Mean	219165	-3996	4806	11445
% on Portfolio Value	1.71	1.32	0.29	2.21
No. of Obs.	50	341	164	163
Gain				
Mean	284377	32538	10337	19317
% on Portfolio Value	3.00	5.50	3.69	4.46
No. of Obs.	41	230	111	123
Loss				
Mean	-77914	-79697	-6776	-13755
% on Portfolio Value	-4.16	-7.36	-6.85	-4.83
No. of Obs.	9	111	53	39
Panel B: LIFO method to calculate profits				
Profit				
Mean	296636	8324	2297	7585
% on Portfolio Value	1.93	1.14	0.09	2.13
No. of Obs.	50	341	164	163
Gain				
Mean	396972	40525	8855	14939
% on Portfolio Value	3.47	5.29	3.53	4.29
No. of Obs.	39	237	113	124
Loss				
Mean	-59100	-65056	-12235	-16895
% on Portfolio Value	-3.54	-8.33	-7.53	-4.85
No. of Obs.	11	104	51	38

Table 8—*Continued*

	1996	1997	1998	1999
Panel C: Average-cost method to calculate profits				
Profit				
Mean	269905	-289	1673	7026
% on Portfolio Value	1.17	0.34	-2.49	1.70
No. of Obs.	50	341	164	163
Gain				
Mean	393112	34289	8628	14898
% on Portfolio Value	3.32	5.23	3.49	4.06
No. of Obs.	36	219	107	123
Loss				
Mean	-46913	-62358	-11383	-18285
% on Portfolio Value	-4.37	-7.45	-13.72	-5.17
No. of Obs.	14	122	57	39
Panel D: Prior High method to calculate profits				
Profit				
Mean	-98033	-30340	-262	-5696
% on Portfolio Value	-1.05	-3.59	-2.96	-1.10
No. of Obs.	50	341	164	163
Gain				
Mean	23371	13976	9625	9131
% on Portfolio Value	2.00	2.75	2.39	3.16
No. of Obs.	19	131	62	77
Loss				
Mean	-172442	-57984	-6271	-19185
% on Portfolio Value	-2.91	-7.55	-6.21	-4.96
No. of Obs.	31	210	102	85

This table reports investment performance of trading events for 4 days in which there is purchase only following a successive 4 days sales of stocks, denoted by 4S4B. Profit is calculated by the methods of FIFO, LIFO, average-cost, and prior high methods, which takes the first purchase price, the most recent purchase price, the average purchase price,

and the highest market price as the reference point, respectively. Percentage on portfolio value is calculated as the value of profit (gain or loss) during the sales period divided by the total beginning-of-event market value of the investor’s portfolio.

Table 9

Investment Performance for the Sample of 3S4B

	1996	1997	1998	1999
Panel A: FIFO method to calculate profits				
Profit				
Mean	14488	-1724	665	11866
% on Portfolio Value	2.33	1.55	0.78	2.69
No. of Obs.	500	3074	1324	1217
Gain				
Mean	21876	21470	10163	19043
% on Portfolio Value	3.38	5.04	3.88	4.89
No. of Obs.	411	2169	866	954
Loss				
Mean	-19631	-57587	-17438	10362
% on Portfolio Value	-2.50	-6.38	-5.12	2.56
No. of Obs.	89	901	1324	1217
Panel B: LIFO method to calculate profits				
Profit				
Mean	11305	-3225	-3022	10362
% on Portfolio Value	2.16	1.32	0.65	2.56
No. of Obs.	500	3074	1324	1217
Gain				
Mean	18498	21332	8885	15702
% on Portfolio Value	3.19	4.70	3.54	4.63
No. of Obs.	411	2190	915	978
Loss				
Mean	-21911	-64431	-29830	-11547
% on Portfolio Value	-2.62	-7.11	-5.84	-5.96
No. of Obs.	89	879	407	238

Table 9—*Continued*

	1996	1997	1998	1999
Panel C: Average-cost method to calculate profits				
Profit				
Mean	8887	3004	-3460	10048
% on Portfolio Value	1.32	0.43	0.06	1.81
No. of Obs.	500	3074	1324	1217
Gain				
Mean	19590	44751	9388	16594
% on Portfolio Value	3.14	3.92	3.72	4.62
No. of Obs.	380	2061	834	941
Loss				
Mean	-25008	-56583	-25400	-12415
% on Portfolio Value	-4.45	-6.70	-6.17	-8.06
No. of Obs.	120	1011	489	274
Panel D: Prior High method to calculate profits				
Profit				
Mean	-1498	-20739	-7234	-2561
% on Portfolio Value	-0.09	-3.33	-2.96	-1.03
No. of Obs.	500	3074	1324	1217
Gain				
Mean	13912	11171	8300	10265
% on Portfolio Value	2.51	3.17	2.71	3.24
No. of Obs.	261	1114	473	600
Loss				
Mean	-18560	-39119	-16008	-15138
% on Portfolio Value	-2.97	-7.06	-6.14	-5.21
No. of Obs.	236	1950	848	613

This table reports investment performance of trading events for 4 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S4B. Profit is calculated by the methods of FIFO, LIFO, average-cost, and prior high methods, which takes the first purchase price, the most recent purchase price, the average purchase price,

and the highest market price as the reference point, respectively. Percentage on portfolio value is calculated as the value of profit (gain or loss) during the sales period divided by the total beginning-of-event market value of the investor’s portfolio.

Table 10

Investment Performance for the Sample of 3S5B

	1996	1997	1998	1999
Panel A: FIFO method to calculate profits				
Profit				
Mean	18401	-2707	833	11391
% on Portfolio Value	2.60	1.47	0.73	2.81
No. of Obs.	491	2847	1260	1177
Gain				
Mean	24563	21922	10648	18400
% on Portfolio Value	3.62	5.17	4.00	4.97
No. of Obs.	410	1995	815	935
Loss				
Mean	-12789	-60685	-17181	15876
% on Portfolio Value	-2.54	-7.22	-5.26	-5.58
No. of Obs.	81	848	444	240
Panel B: LIFO method to calculate profits				
Profit				
Mean	15473	-3600	-4158	9419
% on Portfolio Value	2.42	1.24	0.59	2.63
No. of Obs.	491	2847	1260	1177
Gain				
Mean	21918	-3600	-4158	9419
% on Portfolio Value	3.43	1.24	0.59	2.63
No. of Obs.	410	2847	1260	1177
Loss				
Mean	-17150	-66280	-33119	-20066
% on Portfolio Value	-2.68	-7.48	-6.09	-6.12
No. of Obs.	81	830	396	224

Table 10—*Continued*

	1996	1997	1998	1999
Panel C: Average-cost method to calculate profits				
Profit				
Mean	12345	32396	-4927	7682
% on Portfolio Value	1.48	1.61	-0.06	-1.88
No. of Obs.	491	2847	1260	1177
Gain				
Mean	22817	48544	9748	16230
% on Portfolio Value	3.34	4.26	3.83	4.69
No. of Obs.	380	1900	787	911
Loss				
Mean	-23504	-59563	-29343	-21723
% on Portfolio Value	-4.88	-7.17	-6.53	-8.33
No. of Obs.	111	945	473	265
Panel D: Prior High method to calculate profits				
Profit				
Mean	170	-17608	-7337	-8678
% on Portfolio Value	-0.14	-3.26	-3.03	-1.12
No. of Obs.	491	2847	1260	1177
Gain				
Mean	13951	12043	9308	8595
% on Portfolio Value	2.59	3.18	2.81	3.28
No. of Obs.	258	1063	453	580
Loss				
Mean	-15225	-35481	-16827	-25801
% on Portfolio Value	-3.20	-7.13	-6.33	-5.46
No. of Obs.	231	1776	804	590

This table reports investment performance of trading events for 5 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S5B. Profit is calculated by the methods of FIFO, LIFO, average-cost, and prior high methods, which takes the first purchase price, the most recent purchase price, the average purchase price,

and the highest market price as the reference point, respectively. Percentage on portfolio value is calculated as the value of profit (gain or loss) during the sales period divided by the total beginning-of-event market value of the investor’s portfolio.

Table 11

Investment Performance for the Sample of 3S10B

	1996	1997	1998	1999
Panel A: FIFO method to calculate profits				
Profit				
Mean	19441	5116	3763	12485
% on Portfolio Value	2.86	1.69	1.08	2.91
No. of Obs.	364	1935	940	819
Gain				
Mean	26038	23362	14842	19485
% on Portfolio Value	4.21	5.66	4.63	5.54
No. of Obs.	298	1356	633	643
Loss				
Mean	-10344	-37688	-19138	-13239
% on Portfolio Value	3.23	-7.60	-6.26	-6.72
No. of Obs.	66	578	306	175
Panel B: LIFO method to calculate profits				
Profit				
Mean	17351	4912	12047	18137
% on Portfolio Value	2.73	1.49	4.21	5.29
No. of Obs.	364	1935	660	656
Gain				
Mean	23583	24942	12047	18137
% on Portfolio Value	4.04	5.28	4.21	5.29
No. of Obs.	299	1386	660	656
Loss				
Mean	-11315	-45975	-29012	-13533
% on Portfolio Value	-3.30	-8.14	-7.06	-7.83
No. of Obs.	65	545	278	163

Table 11—*Continued*

	1996	1997	1998	1999
Panel C: Average-cost method to calculate profits				
Profit				
Mean	13857	2166	-1664	8424
% on Portfolio Value	1.33	0.86	-0.18	2.12
No. of Obs.	364	1935	940	819
Gain				
Mean	25051	22208	13255	17646
% on Portfolio Value	3.99	5.14	4.31	5.21
No. of Obs.	273	1295	601	619
Loss				
Mean	-19723	-38531	-28114	-20282
% on Portfolio Value	-6.63	-7.82	-8.14	-7.51
No. of Obs.	91	638	339	199
Panel D: Prior High method to calculate profits				
Profit				
Mean	3079	-14216	-5450	-5663
% on Portfolio Value	-0.23	-2.84	-2.49	-1.52
No. of Obs.	364	1935	940	819
Gain				
Mean	13816	12920	9697	8660
% on Portfolio Value	2.95	3.45	3.17	3.59
No. of Obs.	193	763	404	405
Loss				
Mean	-9170	-32058	-16898	-19953
% on Portfolio Value	-3.85	-6.98	-6.76	-6.60
No. of Obs.	169	1165	535	409

This table reports investment performance of trading events for 10 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S10B. Profit is calculated by the methods of FIFO, LIFO, average-cost, and prior high methods, which takes the first purchase price, the most recent purchase price, the average purchase price,

and the highest market price as the reference point, respectively. Percentage on portfolio value is calculated as the value of profit (gain or loss) during the sales period divided by the total beginning-of-event market value of the investor’s portfolio.

Table 12

The House Money Effect Measure

	Total	G1 (Large Gain)	G2	G3	G4 (Small Gain)
PC(1)	3.58	-0.21	13.64	7.70	19.37
	(3.76)***	(-0.13)	(1.15)	(0.44)	(1.07)
PC(2)	5.43	-2.11	2.37	25.79	18.93
	(3.83) ***	(-0.85)	(0.14)	(0.98)	(0.70)
PC(3)	6.93	-3.63	1.48	28.39	0.02
	(3.87) ***	(-1.14)	(0.07)	(0.87)	(0.00)
PC(4)	9.52	-4.69	32.33	12.33	30.73
	(4.58) ***	(-1.30)	(1.23)	(0.32)	(0.79)
PC(5)	15.35	-1.95	57.93	31.01	43.00
	(6.58) ***	(-0.48)	(1.96)*	(0.71)	(1.00)
PC(6)	21.99	2.03	52.95	40.06	24.45
	(8.66) ***	(0.47)	(1.63)	(0.83)	(0.53)
PC(7)	27.56	8.11	61.63	68.02	5.90
	(10.22) ***	(1.78)*	(1.77)*	(1.34)	(0.12)
PC(8)	32.09	10.49	55.49	72.02	-11.83
	(11.23) ***	(2.22)**	(1.50)	(1.35)	(-0.22)
PC(9)	35.05	11.53	74.08	88.36	20.12
	(11.65) ***	(2.34)**	(1.89)*	(1.56)	(0.35)
PC(10)	36.56	10.51	72.43	99.90	41.25
	(11.52) ***	(2.00)**	(1.74)*	(1.69)*	(0.69)
PC(15)	49.99	23.21	121.11	148.21	102.28
	(12.75) ***	(3.66)***	(2.27)**	(2.08)**	(1.38)
PC(20)	58.69	24.17	108.12	179.79	74.23
	(12.33) ***	(3.17)***	(1.70)*	(2.02)**	(0.83)
PC(40)	86.71	46.36	148.61	138.15	238.84
	(12.57) ***	(3.95)***	(1.68)*	(1.09)	(1.84)*
PC(60)	86.98	49.46	56.18	-105.33	367.09
	(9.85) ***	(3.30)***	(0.50)	(-0.63)	(2.26)**
No. of Observations	4,424	1,107	1,103	1,105	1,109

The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period

(t-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [t, t-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \;/\; P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock j in one trading day before the purchase day t and likewise $P(j,t-1-k)$ is the price of stock j in k+1 trading days before the purchase day. Gain is calculated by the FIFO method (the first purchase price as reference point) and trading events in this table are for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. We then partition our sample into quintiles on the basis of gain size. Gains are categorized into four groups, G1 to G4 contain gains in descending size. G1 contains events with the largest gain, G4 contains events with the smallest gain. The number in parentheses is the t-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 13

Reinvestment in Same Stocks and the House Money Effect

	Reinvestment	Non-Reinvestment	All	Reinvestment – Non-Reinvestment	All – Non-Reinvestment
PC(1)	3.99	3.47	3.58	0.52	0.11
	(2.91)***	(2.65) ***	(3.76)***	(0.28)	(0.07)
PC(2)	6.72	4.52	5.43	2.20	0.91
	(3.29) ***	(2.32) **	(3.83) ***	(0.77)	(0.38)
PC(3)	9.37	4.76	6.93	4.61	2.17
	(3.65) ***	(1.92) *	(3.87) ***	(1.28)	(0.71)
PC(4)	10.58	8.22	9.52	2.36	1.30
	(3.65) ***	(2.82) ***	(4.58) ***	(0.57)	(0.36)
PC(5)	17.41	13.00	15.35	4.41	2.35
	(5.50) ***	(3.93) ***	(6.58) ***	(0.95)	(0.59)
PC(6)	25.57	18.17	21.99	7.40	3.82
	(7.64) ***	(5.00) ***	(8.66) ***	(1.46)	(0.87)
PC(7)	32.78	22.20	27.56	10.58	5.36
	(9.27) ***	(5.74) ***	(10.22) ***	(1.97) *	(1.15)
PC(8)	38.13	25.96	32.09	12.17	6.13
	(10.26) ***	(6.31) ***	(11.23) ***	(2.13) **	(1.24)
PC(9)	39.82	30.00	35.05	9.82	5.05
	(10.19) ***	(6.92) ***	(11.65) ***	(1.64)	(0.97)
PC(10)	42.96	30.00	36.56	12.96	6.56
	(10.42) ***	(6.56) ***	(11.52) ***	(2.05) **	(1.20)
PC(15)	64.01	36.75	49.99	27.26	13.24
	(12.83) ***	(6.46) ***	(12.75) ***	(3.49) ***	(1.95)*
PC(20)	69.88	47.76	58.69	22.12	10.93
	(11.10) ***	(7.00) ***	(12.33) ***	(2.33) **	(1.33)
PC(40)	120.51	55.43	86.71	65.08	31.28
	(12.19) ***	(5.86) ***	(12.57) ***	(4.73) ***	(2.67)***
PC(60)	128.25	48.83	86.98	79.42	38.15
	(9.85) ***	(4.09) ***	(9.85) ***	(4.51) ***	(2.56)**

The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1],

$G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \ / \ P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Gain is calculated by the FIFO method and trading events in this table are for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. We then divide our sample into two sub-samples, reinvestment and non-reinvestment sample, according to the ratio of the value of stocks that have been reinvested to the total purchase value. Reinvestment group contains observations that the ratio is higher than 0.25, and the non-reinvestment group contains the rest ones. We then begin to run regressions separately to estimate house money effect measures. The first column to the right shows difference in house money effect measure between all sample and non-reinvestment sample. The second column to the right shows difference in house money effect measure between reinvestment sample and non-reinvestment sample. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 14

Absolute Price Change and the House Money Effect

	G1 (Large Gain)	G4 (Small Gain)	Difference: G1-G4
$\lvert PC(1) \rvert$	2.64***	2.11***	0.53***
$\lvert PC(2) \rvert$	3.91***	3.07***	0.84***
$\lvert PC(3) \rvert$	5.24***	3.96***	1.28***
$\lvert PC(4) \rvert$	6.31***	4.67***	1.64***
$\lvert PC(5) \rvert$	7.36***	5.20***	2.16***
$\lvert PC(6) \rvert$	8.18***	5.57***	2.61***

Price change of stock is defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \ / \ P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Gains are categorized into four groups, G1 to G4 contain gains in descending size. G1 contains events with the largest gain, G4 contains events with the smallest gain. The number in the table presents the mean absolute value of price change in G1 or G4. The first column to the right shows difference in mean absolute price change between G1 and G4. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 15

Timing and the House Money Effect by FIFO Profit Calculation Method

	Period (in no. of days) in which there is purchase only following a realization of house money				Difference 3-10
	3	4	5	10	
PC(1)	3.58***	2.52***	2.54***	1.75*	1.83
PC(2)	5.43 ***	4.30***	4.45***	2.93**	2.0
PC(3)	6.93***	5.82***	5.75***	3.48**	3.45
PC(4)	9.52***	7.88***	7.25***	2.29	7.23**
PC(5)	15.35***	12.45***	11.52***	4.15*	11.20***
PC(6)	21.99***	17.72***	16.59***	8.33***	13.66***
PC(7)	27.56***	22.55***	20.78***	10.05***	17.51***
PC(8)	32.09***	27.72***	25.37***	12.73***	19.36***
PC(9)	35.05***	31.10***	28.32***	14.65***	20.40***
PC(10)	36.56***	32.41***	29.21***	17.13***	19.43***
PC(15)	49.99***	44.71***	39.66***	33.12***	16.87***
PC(20)	58.69***	51.99***	45.71***	35.76***	22.93***
PC(40)	86.71***	79.06***	68.99***	55.54***	31.17***
PC(60)	86.98***	81.67***	72.46***	59.79***	27.19**
No. of Observations	4,424	4,320	4,073	2,874	

The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \;/\; P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Gain is calculated by the FIFO method (the first purchase price as reference point) and trading events in this table are for 3, 4, 5, and 10 days in which there is purchase only

following a successive 3 days sales of stocks. The first column to the right shows difference in house money effect measure between 3 purchase days and 10 purchase days. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 16

Timing and the House Money Effect by LIFO Profit Calculation Method

	Period (in no. of days) in which there is purchase only following a realization of house money				Difference 3-10
	3	4	5	10	
PC(1)	4.01***	2.54***	2.62***	1.73*	2.28
PC(2)	6.16***	4.38***	4.55***	3.23**	2.93
PC(3)	7.65***	5.94***	5.86***	4.14**	3.51
PC(4)	10.22***	8.10***	7.34***	3.04	7.18**
PC(5)	16.62***	13.27***	12.01***	5.23**	11.39***
PC(6)	23.88***	19.05***	17.63***	9.54***	14.34***
PC(7)	30.17***	24.52***	22.44***	11.62***	18.55***
PC(8)	34.65***	29.43***	26.85***	13.94***	20.71***
PC(9)	37.46***	32.91***	29.78***	15.77***	21.69***
PC(10)	38.54***	34.05***	30.56***	18.33***	20.21***
PC(15)	52.68***	46.67***	41.59***	35.13***	17.55***
PC(20)	62.72***	55.00***	48.94***	40.33***	22.39***
PC(40)	92.29***	84.15***	74.50***	61.43***	30.86***
PC(60)	89.96***	85.28***	76.03***	66.29***	23.67*
No. of Observations	4517	4403	4148	2940	

The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \;/\; P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Gain is calculated by the LIFO method (the most recent purchase price as reference point) and trading events in this table are for 3, 4, 5, and 10 days in which there is purchase

only following a successive 3 days sales of stocks. The first column to the right shows difference in house money effect measure between 3 purchase days and 10 purchase days. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 17

Timing and the House Money Effect for G1 (Largest Gain) by FIFO Profit Calculation Method

	Period (in no. of days) in which there is purchase only following a realization of house money				Difference 3-10
	3	4	5	10	
PC(1)	-0.21	-1.51	-2.34	-2.15	1.94
PC(2)	-2.11	-3.1	-3.34	-4.97	2.86
PC(3)	-3.63	-4.58	-5.15	-5.97	2.34
PC(4)	-4.69	-4.17	-5.99	-8.29	3.60
PC(5)	-1.95	-1.44	-2.55	-5.71	3.76
PC(6)	2.03	2.88	2.86	-2.11	4.14
PC(7)	8.11*	7.11*	6.82	0.55	7.56
PC(8)	10.49**	9.93**	7.9	1.66	8.83
PC(9)	11.53**	10.66**	7.56	0.8	10.73
PC(10)	10.51**	9.37*	4.91	1.96	8.55
PC(15)	23.21***	20.61***	12.42*	11.34*	11.87
PC(20)	24.17***	22.01***	11.86	11.42	12.75
PC(40)	46.36***	38.84***	24.96**	24.26**	22.10
PC(60)	49.46***	35.37**	18.87	14.41	35.05
No. of Observations	1,107	1,089	1,023	719	

This table presents the house money effect measures for group G1 which contains events with the largest gain. Gain is calculated by the FIFO method (the first purchase price as reference point) and trading events in this table are for 3, 4, 5, and 10 days in which there is purchase only following a successive 3 days sales of stocks. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment

gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \ / \ P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. The first column to the right shows difference in house money effect measure between 3 purchase days and 10 purchase days. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 18

Timing and the House Money Effect for G1 (Largest Gain) by LIFO Profit Calculation Method

	Period (in no. of days) in which there is purchase only following a realization of house money				Difference
	3	4	5	10	3-10
PC(1)	-0.09	-2.43	-3.24	-2.66	2.57
PC(2)	-1.75	-3.53	-2.86	-5.19	3.44
PC(3)	-1.96	-3.98	-3.92	-5.22	3.26
PC(4)	-3.35	-3.26	-3.84	-6.54	3.19
PC(5)	-0.005	-0.61	-0.78	-3.98	3.98
PC(6)	4.76	4.37	5.67	0.86	3.90
PC(7)	10.74**	8.50*	10.10**	4.47	6.27
PC(8)	13.69***	10.94**	10.29**	3.91	9.78
PC(9)	14.14***	11.54**	9.67*	2.77	11.37
PC(10)	12.68**	9.69*	7.40	4.02	8.66
PC(15)	24.16***	19.61***	12.86*	15.18**	8.98
PC(20)	27.91***	23.00***	14.72*	17.45**	10.46
PC(40)	51.58***	43.91***	32.66***	37.99***	13.59
PC(60)	52.57***	44.70***	35.62**	33.44**	19.13
No. of Observations	1141	1112	1037	739	

This table presents the house money effect measures for group G1 which contains events with the largest gain. Gain is calculated by the LIFO method (the most recent purchase price as reference point) and trading events in this table are for 3, 4, 5, and 10 days in which there is purchase only following a successive 3 days sales of stocks. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1],

$G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \ / \ P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. The first column to the right shows difference in house money effect measure between 3 purchase days and 10 purchase days. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 19

Summary Statistics for the Sample of Three Types of Investors

	1996	1997	1998	1999
Panel A: Small-Stock Investor				
No. of Investors	10031	18380	16321	10391
No. of Stocks				
Mean	1.65	1.60	1.51	1.39
Min.	1	1	1	1
25th percentile	1	1	1	1
Median	1	1	1	1
75th percentile	2	2	1	1
Max.	29	32	51	260
Mode	1	1	1	1
No. of Trades				
Mean	5.86	5.50	5.09	5.31
Min.	1	1	1	1
25th percentile	1	1	1	1
Median	2	2	2	2
75th percentile	5	5	4	4
Max.	400	894	1460	531
Mode	1	1	1	1
Annual Trading Lots				
Mean	49586	41786	37984	52254
Min.	3	1	1	1
25th percentile	2000	2000	2000	2000
Median	7000	6000	5000	8000
75th percentile	20000	19000	15000	20000
Max.	9700000	21200000	22900000	22300000
Mode	2000	2000	2000	2000
Annual Trading Volumes				
Mean	1254884	1371878	1046822	628346
Min.	92	26	12	2
25th percentile	62400	60600	52700	24990
Median	164450	161200	132890	67400
75th percentile	491900	469950	388000	217500
Max.	258196000	672243000	479117000	433854000
Mode	41500	40000	50000	50000

Table 19—*Continued*

	1996	1997	1998	1999
Panel B: Large-Stock Investor				
No. of Investors	66683	287027	245200	222828
No. of Stocks				
Mean	2.83	4.60	3.05	3.97
Min.	1	1	1	1
25th percentile	1	1	1	1
Median	2	3	2	2
75th percentile	3	6	4	5
Max.	77	93	105	150
Mode	1	1	1	1
No. of Trades				
Mean	6.89	13.20	7.78	10.95
Min.	1	1	1	1
25th percentile	1	2	2	2
Median	3	5	3	4
75th percentile	7	14	8	12
Max.	2630	1920	2990	1570
Mode	1	1	1	1
Annual Trading Lots				
Mean	33188	39754	25264	38084
Min.	1	1	1	1
25th percentile	2000	3000	2000	3000
Median	7000	10000	6000	9000
75th percentile	20000	31000	18000	26600
Max.	33000000	75800000	59800000	53400000
Mode	2000	2000	2000	2000
Annual Trading Volumes				
Mean	1695835	2896054	1313507	2135519
Min.	38	40	17	7
25th percentile	137000	216000	126000	158500
Median	350000	659000	324600	472000
75th percentile	1023350	2143900	920500	1455000
Max.	2561710000	5527360000	2873180000	3313460000
Mode	57000	120000	65000	80000

Table 19—*Continued*

	1996	1997	1998	1999
Panel C: Mixed-Stock Investor				
No. of Investors	72782	263391	167519	94085
No. of Stocks				
Mean	7.06	8.00	6.64	6.51
Min.	1	1	1	1
25th percentile	3	3	3	3
Median	5	6	4	4
75th percentile	9	10	8	8
Max.	340	304	423	392
Mode	2	2	2	2
No. of Trades				
Mean	20.06	23.21	19.22	18.76
Min.	1	1	1	1
25th percentile	5	6	5	5
Median	10	10	10	10
75th percentile	22	30	21	21
Max.	3210	20000	1350	1230
Mode	4	4	3	3
Annual Trading Lots				
Mean	95782	74702	63650	72073
Min.	2	2	2	1
25th percentile	11000	10000	8000	9000
Median	28000	26000	20000	22000
75th percentile	76000	68000	54000	59000
Max.	153702000	183165390	54440000	30480000
Mode	4000	4000	4000	4000
Annual Trading Volumes				
Mean	3246674	3673393	2328705	2113211
Min.	65	35	23	13
25th percentile	358940	440080	289100	224400
Median	938010	1190750	740700	610750
75th percentile	2546760	3253000	1983580	1723650
Max.	4295440	8917060	2426400	1683210
Mode	50500	93000	106000	219000

This table reports summary statistics for the sample of three type investors. Panel A, B, and C present trading activity for small-stock, large-stock, and mixed stock investors. We

identify investors with the following steps. On each day, we sum the value of large stocks and small stocks held by an individual. The large-stock ratio is calculated as the ratio of the value of large stocks to total portfolio value. Likewise, the small-stock ratio is calculated as the ratio of small stocks' value to total portfolio holdings. Then we are able to identify a large-stock (small-stock) day when the large-stock (small-stock) ratio is higher or equal to 0.7. For the entire sample period, an investor is defined as a large-stock (small-stock) trader if the ratio of number of large-stock (small-stock) days to total days is higher or equal to 0.7. Finally, the remaining investors are classified as mixed-stock investors.

Table 20

Familiarity bias and the House Money Effect

	Type of Investors			
	Large-stock Investors	Mixed-stock Investors	All Investors	Mixed - Large
PC(1)	1.46 (1.08)	5.00 (3.59) ***	3.58 (3.76)***	3.54 (1.72)*
PC(2)	3.27 (1.63)	6.58 (3.16) ***	5.43 (3.83) ***	3.31 (1.13)
PC(3)	6.04 (2.43) **	5.60 (2.10) **	6.93 (3.87) ***	-0.44 (-0.09)
PC(4)	5.46 (9.92) ***	10.86 (3.48) ***	9.52 (4.58) ***	5.40 (1.32)
PC(5)	9.92 (3.09) ***	18.38 (5.25) ***	15.35 (6.58) ***	8.46 (1.85)*
PC(6)	14.09 (4.09) ***	27.51 (7.17) ***	21.99 (8.66) ***	13.42 (2.68)***
PC(7)	19.00 (5.25) ***	33.99 (8.29) ***	27.56 (10.22) ***	14.99 (2.84)***
PC(8)	22.82 (6.05) ***	38.85 (8.88) ***	32.09 (11.23) ***	16.03 (2.85)***
PC(9)	25.18 (6.39) ***	43.04 (9.27) ***	35.05 (11.65) ***	17.86 (3.03)***
PC(10)	28.08 (6.72) ***	42.93 (8.78) ***	36.56 (11.52) ***	14.85 (2.41)**
PC(15)	42.55 (8.58) ***	56.44 (9.12) ***	49.99 (12.75) ***	13.89 (1.80)*
PC(20)	47.38 (7.68) ***	68.23 (9.29) ***	58.69 (12.33) ***	20.85 (2.22)**
PC(40)	93.63 (9.89) ***	72.97 (7.08) ***	86.71 (12.57) ***	-20.66 (-1.48)
PC(60)	102.07 (8.28) ***	63.68 (4.88) ***	86.98 (9.85) ***	-38.39 (-2.14)
No. of Observations	1,847	2,506	4,424	

This table presents the house money effect measures for the sample of three type investors. We identify the type of investors with the following steps. On each day, we sum the value of large stocks and small stocks held by an individual. The large-stock ratio is calculated as

the ratio of the value of large stocks to total portfolio value. Likewise, the small-stock ratio is calculated as the ratio of small stocks' value to total portfolio holdings. Then we are able to identify a large-stock (small-stock) day when the large-stock (small-stock) ratio is higher or equal to 0.7. For the entire sample period, an investor is defined as a large-stock (small-stock) trader if the ratio of number of large-stock (small-stock) days to total days is higher or equal to 0.7. Finally, the remaining investors are classified as mixed-stock investors. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \;/\; P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Gain is calculated by the FIFO method (the first purchase price as reference point) and trading events in this table are for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. The first column to the right shows difference in house money effect measure between mixed-stock investors and large-stock investors. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 21

Familiarity bias and the House Money Effect for G1 (Largest Gain)

	Type of Investors			
	Large-stock Investors	Mixed-stock Investors	All Investors	Mixed - Large
PC(1)	-3.32	3.51	-0.21	6.83
	(-1.48)	(1.36)	(-0.13)	(2.01)
PC(2)	-4.66	0.51	-2.11	5.17
	(-1.38)	(0.13)	(-0.85)	(1.00)
PC(3)	-1.33	-9.05	-3.63	-7.72
	(-0.32)	(-1.80)	(-1.14)	(-1.17)
PC(4)	-3.66	-8.47	-4.69	-4.81
	(-0.77)	(-1.46)	(-1.30)	(-0.64)
PC(5)	-1.27	-4.80	-1.95	-3.53
	(-0.24)	(-0.73)	(-0.48)	(-0.42)
PC(6)	1.12	1.67	2.03	0.55
	(0.20)	(0.24)	(0.47)	(0.06)
PC(7)	4.00	12.79	8.11	8.79
	(0.67)	(1.76) *	(1.78)*	(0.93)
PC(8)	4.47	16.85	10.49	12.38
	(0.73)	(2.22) **	(2.22)**	(1.27)
PC(9)	4.25	20.68	11.53	16.43
	(0.66)	(2.60) ***	(2.34)**	(1.61)
PC(10)	3.54	18.94	10.51	15.40
	(0.52)	(2.25) **	(2.00)**	(1.42)
PC(15)	15.21	32.94	23.21	17.73
	(1.89) *	(3.17) ***	(3.66)***	(1.35)
PC(20)	13.18	37.57	24.17	24.39
	(1.34)	(3.11) ***	(3.17)***	(1.56)
PC(40)	44.08	39.10	46.36	-4.98
	(2.89) ***	(2.09) **	(3.95)***	(-0.21)
PC(60)	50.91	37.05	49.46	-13.86
	(2.67) ***	(1.52)	(3.30)***	(-0.65)
No. of Observations	517	568	1107	

This table presents the house money effect measures for the sample of three type investors for group G1 which contains events with the largest gain. Gain is calculated by the FIFO method (the first purchase price as reference point) and trading events in this table are for 3

days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. We identify the type of investors with the following steps. On each day, we sum the value of large stocks and small stocks held by an individual. The large-stock ratio is calculated as the ratio of the value of large stocks to total portfolio value. Likewise, the small-stock ratio is calculated as the ratio of small stocks' value to total portfolio holdings. Then we are able to identify a large-stock (small-stock) day when the large-stock (small-stock) ratio is higher or equal to 0.7. For the entire sample period, an investor is defined as a large-stock (small-stock) trader if the ratio of number of large-stock (small-stock) days to total days is higher or equal to 0.7. Finally, the remaining investors are classified as mixed-stock investors. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \;/\; P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. The first column to the right shows difference in house money effect measure between mixed-stock investors and large-stock investors. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 22

Reference Points and the House Money Effect

	Reference Points				Prior High
	FIFO	LIFO	Average Price	Prior High	-FIFO
PC(1)	3.58	4.01	2.69	6.22	2.64
	(3.76)***	(4.05) ***	(3.33) ***	(3.53) ***	(1.31)
PC(2)	5.43	6.16	5.43	4.80	-0.63
	(3.83) ***	(4.18) ***	(4.52) ***	(1.83) *	(-0.21)
PC(3)	6.93	7.56	6.44	8.16	1.23
	(3.87) ***	(4.11) ***	(4.24) ***	(13.55) ***	(0.32)
PC(4)	9.52	10.22	7.85	13.55	4.03
	(4.58) ***	(4.74) ***	(4.46) ***	(3.49) ***	(0.91)
PC(5)	15.35	16.62	10.99	22.33	6.98
	(6.58) ***	(6.89) ***	(5.57) ***	(5.10) ***	(1.41)
PC(6)	21.99	23.88	15.28	30.01	8.02
	(8.66) ***	(9.12) ***	(7.10) ***	(6.27) ***	(1.48)
PC(7)	27.56	30.17	17.65	38.71	11.15
	(10.22) ***	(10.85) ***	(7.67) ***	(6.65) ***	(1.94)*
PC(8)	32.09	34.65	19.21	46.91	14.82
	(11.23) ***	(11.75) ***	(7.84) ***	(8.85) ***	(2.45)**
PC(9)	35.05	37.46	21.87	50.85	15.80
	(11.65) ***	(12.08) ***	(8.48) ***	(9.28) ***	(2.49)***
PC(10)	36.56	38.54	24.19	54.02	17.46
	(11.52) ***	(11.76) ***	(8.89) ***	(9.36) ***	(2.61)***
PC(15)	49.99	52.68	33.34	62.10	12.11
	(12.75) ***	(13.01) ***	(9.92) ***	(8.98) ***	(1.48)
PC(20)	58.69	62.72	37.57	70.41	11.72
	(12.33) ***	(12.74) ***	(9.24) ***	(8.62) ***	(1.19)
PC(40)	86.71	92.29	45.23	63.41	-23.30
	(12.57) ***	(12.86) ***	(7.65) ***	(5.39) ***	(-1.64)
PC(60)	86.98	89.96	36.78	40.89	-46.09
	(9.85) ***	(9.84) ***	(4.87) ***	(2.67) ***	(-2.52)
No. of Observations	4,424	4,517	4,222	2,408	

This table presents the house money effect measures with different profit calculation methods. Gain is calculated by FIFO, LIFO, average price, and prior high methods which

take the first purchase price, the most recent purchase price, the average purchase price, and the highest stock price attained 20 trading days ago as the reference point, respectively. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \;/\; P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Trading events in this table are for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. The first column to the right shows difference in house money effect measure between prior high and FIFO profit calculation method. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 23

Reference Points and the House Money Effect for G1 (Largest Gain)

	Reference Points				Prior High -FIFO
	FIFO	LIFO	Average Price	Prior High	
PC(1)	-0.21	-0.09	0.47	3.28	3.49
	(-0.13)	(-0.05)	(0.43)	(1.34)	(1.16)
PC(2)	-2.11	-1.75	2.04	-1.65	0.46
	(-0.85)	(-0.69)	(1.22)	(-0.46)	(0.10)
PC(3)	-3.63	-1.96	1.72	-0.20	3.43
	(-1.14)	(-0.60)	(0.81)	(-0.04)	(0.60)
PC(4)	-4.69	-3.35	-0.24	1.22	5.91
	(-1.30)	(-0.90)	(-0.10)	(0.23)	(0.91)
PC(5)	-1.95	-0.005	-0.14	8.14	10.09
	(-0.48)	(-0.00)	(-0.05)	(1.37)	(1.39)
PC(6)	2.03	4.76	1.64	13.09	11.06
	(0.47)	(1.05)	(0.56)	(2.01) **	(1.40)
PC(7)	8.11	10.74	1.88	20.01	11.90
	(1.78)*	(2.27) **	(0.61)	(2.91) ***	(1.43)
PC(8)	10.49	13.69	1.33	25.67	15.18
	(2.22)**	(2.76) **	(0.41)	(3.58) ***	(1.76)*
PC(9)	11.53	14.14	3.44	29.94	18.41
	(2.34)**	(2.72) ***	(1.02)	(4.07) ***	(2.06)**
PC(10)	10.51	12.68	4.83	33.34	22.83
	(2.00)**	(2.29) **	(1.36)	(4.30) ***	(2.42)**
PC(15)	23.21	24.16	10.97	38.55	15.34
	(3.66)***	(3.57) ***	(2.55)**	(4.25) ***	(1.36)
PC(20)	24.17	27.91	9.87	45.14	20.97
	(3.17)***	(3.43) ***	(1.93)*	(4.32) ***	(1.58)
PC(40)	46.36	51.58	7.54	32.81	-13.55
	(3.95)***	(4.22) ***	(0.95)	(2.12) **	(-0.68)
PC(60)	49.46	52.57	1.23	22.39	-27.07
	(3.30)***	(3.37) ***	(0.12)	(1.14)	(-1.06)
No. of Observations	1,107	1,141	1,509	606	

This table presents the house money effect measures with different profit calculation methods for group G1 which contains events with the largest gain. Gain is calculated by

FIFO, LIFO, average price, and prior high methods which take the first purchase price, the most recent purchase price, the average purchase price, and the highest stock price attained 20 trading days ago as the reference point, respectively. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \;/\; P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Trading events in this table are for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. The first column to the right shows difference in house money effect measure between prior high and FIFO profit calculation method. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table A1

House Money Effect Measure by the Volatility and the Firm Size

Trading Event	Total	G1 (Large Gain)	G2	G3	G4 (Small Gain)
Panel A: Percentage in holdings of more volatile stocks					
3S3B	-0.30	-0.11	2.11	-1.80	-0.49
	(-3.14)	(-0.57)	(1.75)*	(-1.07)	(-0.33)
4S4B	-0.34	0.56	-2.12	3.35	4.93
	(-1.20)	(0.90)	(-0.61)	(0.73)	(1.38)
Panel B: Portfolio's weighted-size					
3S3B	2.93	0.37	28.65	-2.14	14.53
	(2.10)**	(0.17)	(1.13)	(-0.19)	(0.62)
4S4B	1.31	0.71	18.58	-53.28	25.83
	(0.56)	(0.15)	(0.59)	(-1.78)	(0.59)
Panel C: Percentage in holdings of smaller stocks					
3S3B	0.07	0.05	0.78	-1.39	-0.47
	(1.29)	(0.43)	(1.17)	(-1.50)	(-0.52)
4S4B	-0.28	-0.28	2.17	-0.27	1.75
	(-1.96)	(-1.00)	(0.96)	(-0.26)	(0.78)

The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. Panel A, B, and C use percentage in holdings of more volatile stocks, portfolio's weighted-size, and percentage in holdings of smaller stocks as a proxy for $RT_{i,t}$, respectively. Trading events in this table are for 3 (or 4) days in which there is purchase only following a successive 3 (or 4) days sales of stocks, denoted by 3S3B (or 4S4B). Gain is calculated by the FIFO method (the first purchase price as reference point). We then partition our sample into quintiles on the basis of gain size. Gains are categorized into four groups, G1 to G4 contain gains in descending size. G1 contains events with the largest gain, G4 contains events with the smallest gain. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B1

Summary Statistics of Individuals' Trading Activities (Whole Sample)

	Year				
	1995	1996	1997	1998	1999
Panel A: Individual counts					
No. of Individual Traders	1,128,237	1,280,985	2,139,189	2,764,964	2,874,197
Percentage of all TSEC Individual Traders	97.10	97.86	98.82	98.76	92.72
Panel B: Trading activities per individual traders per year					
No. of Stocks	7.18	8.62	11.24	7.34	7.71
No. of Trades	42.01	48.82	63.63	38.72	45.34
Annual Trading Lots (000)	162	191	222	133	159
Annual Trading volume ($NT thousand)	6,180	6,839	11,810	6,212	6,724
Panel C: Trading activities per individual traders per month					
No. of Stocks	1.07	1.28	1.73	1.08	1.20
No. of Trades	4.38	4.58	5.41	4.38	4.63
Monthly Trading Lots (000)	24	26	28	18	21
Monthly Trading volume ($NT thousand)	938	963	1,449	848	854

This table contains the summary statistics of the whole sample. The data set includes of all intraday transactions for common stock investments of individual investors on the Taiwan Stock Exchange (TSEC). We eliminate investors who have ever used credit trading. Panel A reports the number of individual traders and its proportion of all TSEC individuals. Panel B and C present the trading activities per individual traders per year and per month (the number of stocks, the number of trades, annual trading lots, and annual trading volume).

Table B2

House Money Effect Measure by the Percentage of more Volatile Stocks

Trading Event	Total	G1 (Large Gain)	G2	G3	G4 (Small Gain)
3S3B	0.18	0.02	2.25	-1.03	0.10
	(3.74)***	(0.23)	(3.21) ***	(-1.15)	(0.09)
3S4B	0.17	0.06	1.62	-1.88	0.17
	(3.85) ***	(0.78)	(2.57) **	(-2.03)	(0.18)
3S5B	0.18	0.06	1.15	-2.42	0.64
	(4.08) ***	(0.87)	(1.84) *	(-2.63)	(0.67)
3S10B	0.13	0.10	0.66	0.67	0.77
	(2.70) ***	(1.21)	(1.03)	(0.66)	(0.82)
3B-10B	0.05	-0.08	1.59	-1.70	-0.67
	(0.83)	(-0.66)	(1.68)*	(-1.27)	(-0.49)

The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. This table use percentage in holdings of more volatile stocks as a proxy for $RT_{i,t}$. Trading events in this table are for 3, 4, 5, and 10 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B, 3S4B, 3S5B, and 3S10B, respectively. Gain is calculated by the FIFO method (the first purchase price as reference point). We then partition our sample into quintiles on the basis of gain size. Gains are categorized into four groups, G1 to G4 contain gains in descending size. G1 contains events with the largest gain, G4 contains events with the smallest gain. The last row of the table shows difference in house money effect measure between 3 purchase days and 10 purchase days. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B3

The House Money Effect for Whole Sample

	Total	G1 (Large Gain)	G2	G3	G4 (Small Gain)
PC(1)	2.48	0.83	-10.88	-2.84	3.06
	(3.84)***	(0.80)	(-1.16)	(-0.21)	(0.21)
PC(2)	3.49	1.12	-20.68	9.22	18.75
	(3.61) ***	(0.69)	(-1.47)	(0.46)	(0.85)
PC(3)	4.70	0.36	-16.16	19.14	49.72
	(3.88) ***	(0.18)	(-0.92)	(0.75)	(1.80)
PC(4)	6.14	-0.17	-14.57	34.83	67.56
	(4.41) ***	(-0.07)	(-0.72)	(1.18)	(2.16) **
PC(5)	9.18	1.13	-5.33	40.17	71.36
	(5.92) ***	(0.44)	(-0.24)	(1.23)	(2.02) **
PC(6)	12.87	3.31	-5.23	29.77	81.72
	(7.65) ***	(1.18)	(-0.22)	(0.84)	(2.13) **
PC(7)	15.07	5.14	7.39	51.84	92.60
	(8.40) ***	(1.74) *	(0.28)	(1.38)	(2.24) **
PC(8)	17.87	7.11	25.91	61.41	101.71
	(9.46) ***	(2.29) **	(0.95)	(1.54)	(2.33) **
PC(9)	20.49	8.69	23.60	64.86	110.03
	(10.24) ***	(2.67) ***	(0.81)	(1.55)	(2.36) **
PC(10)	22.94	9.99	14.02	37.66	110.13
	(10.84) ***	(2.91) ***	(0.45)	(0.85)	(2.25)
PC(15)	30.75	16.87	15.55	90.67	107.78
	(11.74) ***	(3.95) ***	(0.40)	(1.70) *	(1.75) *
PC(20)	34.23	20.16	30.54	96.80	89.89
	(10.83) ***	(3.92) ***	(0.66)	(1.47)	(1.23)
PC(40)	35.43	17.00	34.37	21.20	161.23
	(7.96) ***	(2.42) **	(0.54)	(0.22)	(1.52)
PC(60)	36.86	18.66	2.50	-17.89	108.71
	(6.78) ***	(2.22) **	(0.03)	(-0.15)	(0.84)
No. of Obs.	5,098	1,280	1,280	1,276	1,281

This table reports the house money effect measures for the whole sample. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period

(t-1): $\Delta RT_{i,t} = \beta G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [t, t-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \ / \ P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock j in one trading day before the purchase day t and likewise $P(j,t-1-k)$ is the price of stock j in k+1 trading days before the purchase day. Gain is calculated by the FIFO method (the first purchase price as reference point) and trading events in this table are for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. We then partition our sample into quintiles on the basis of gain size. Gains are categorized into four groups, G1 to G4 contain gains in descending size. G1 contains events with the largest gain, G4 contains events with the smallest gain. The number in parentheses is the t-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B4

Reinvestment in Same Stocks and the House Money Effect

	Reinvestment	Non-Reinvestment	All	Reinvestment – Non-Reinvestment	All – Non-Reinvestment
PC(1)	3.31	2.07	2.48	1.24	0.41
	(2.93) ***	(2.64) ***	(3.84)***	(0.90)	(0.40)
PC(2)	4.59	2.96	3.49	1.63	0.53
	(2.71) ***	(2.51) **	(3.61) ***	(0.78)	(0.35)
PC(3)	5.85	4.18	4.70	1.67	0.52
	(2.79) ***	(2.81) ***	(3.88) ***	(0.64)	(0.27)
PC(4)	7.52	5.55	6.14	1.97	0.59
	(3.17) ***	(3.24) ***	(4.41) ***	(0.66)	(0.27)
PC(5)	12.44	7.74	9.18	4.70	1.44
	(4.80) ***	(4.02) ***	(5.92) ***	(1.42)	(0.59)
PC(6)	18.42	10.37	12.87	8.05	2.50
	(6.74) ***	(4.92) ***	(7.65) ***	(2.25) **	(0.93)
PC(7)	22.25	11.82	15.07	10.43	3.25
	(7.67) ***	(5.25) ***	(8.40) ***	(2.73) ***	(1.14)
PC(8)	27.84	13.34	17.87	14.50	4.53
	(9.14) ***	(5.64) ***	(9.46) ***	(3.61) ***	(1.51)
PC(9)	32.63	14.93	20.49	17.70	5.56
	(10.13) ***	(5.95) ***	(10.24) ***	(4.16) ***	(1.71) *
PC(10)	36.75	16.62	22.94	20.13	6.32
	(10.87) ***	(6.24) ***	(10.84) ***	(4.47) ***	(1.87) *
PC(15)	52.53	20.71	30.75	31.82	10.04
	(12.82) ***	(6.24) ***	(11.74) ***	(5.72) ***	(2.40) **
PC(20)	57.50	23.52	34.23	33.98	10.71
	(11.79) ***	(5.83) ***	(10.83) ***	(5.06) ***	(2.11) **
PC(40)	73.00	18.08	35.43	54.92	17.35
	(10.05) ***	(3.26) ***	(7.96) ***	(5.81) ***	(2.46) **
PC(60)	84.58	14.71	36.86	69.87	22.12
	(9.60) ***	(2.20) **	(6.78) ***	(6.12) ***	(2.60) ***

This table reports the house money effect measures for the whole sample. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period

(*t*-1): $\Delta RT_{i,t} = \beta G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \ / \ P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Gain is calculated by the FIFO method and trading events in this table are for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. We then divide the whole sample into two sub-samples, reinvestment and non-reinvestment sample, according to the ratio of the value of stocks that have been reinvested to the total purchase value. Reinvestment group contains observations that the ratio is higher than 0.25, and the non-reinvestment group contains the rest ones. We then begin to run regressions separately to estimate house money effect measures. The first column to the right shows difference in house money effect measure between all sample and non-reinvestment sample. The second column to the right shows difference in house money effect measure between reinvestment sample and non-reinvestment sample. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B5

Timing and the House Money Effect

	Period (in no. of days) in which there is purchase only following a realization of house money				
	3B	4B	5B	10B	3B-10B
PC(1)	2.48***	2.57***	2.39***	1.63***	0.85
PC(2)	3.49***	3.60***	3.15***	1.80**	1.69
PC(3)	4.70***	4.27***	3.38***	1.41	3.29**
PC(4)	6.14***	5.45***	3.98***	1.64	4.50**
PC(5)	9.18***	7.26***	5.05***	1.65	7.53***
PC(6)	12.87***	10.71***	7.01***	2.53*	10.34***
PC(7)	15.07***	12.44***	8.15***	2.62*	12.45***
PC(8)	17.87***	15.49***	11.13***	3.90**	13.97***
PC(9)	20.49***	19.97***	13.73***	5.09***	15.40***
PC(10)	22.94***	20.52***	15.33***	6.33***	16.61***
PC(15)	30.75***	27.14***	19.94***	11.94***	18.81***
PC(20)	34.23***	30.26***	21.12***	12.31***	21.92***
PC(40)	35.43***	31.59***	21.76***	16.13***	19.30***
PC(60)	36.83***	34.63***	29.18***	22.40***	14.43**
No. of Obs.	5,089	5,203	5,065	4,007	

This table reports the house money effect measures for the whole sample. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \;/\; P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Gain is calculated by the FIFO method (the first purchase price as reference point) and trading events in this table are for 3, 4, 5, and 10 days in which there is purchase only

following a successive 3 days sales of stocks. The first column to the right shows difference in house money effect measure between 3 purchase days and 10 purchase days. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B6

Timing and the House Money Effect for G1 (Largest Gain)

	Period (in no. of days) in which there is purchase only following a realization of house money				
	3B	4B	5B	10B	3B-10B
PC(1)	0.83	1.23	1.58	0.49	0.34
PC(2)	1.12	1.14	1.40	-0.26	1.38
PC(3)	0.36	0.48	0.65	-1.10	1.46
PC(4)	-0.17	0.23	0.06	-1.51	1.34
PC(5)	1.13	0.77	-0.43	-2.18	3.31
PC(6)	3.31	3.05	0.56	-1.91	5.22
PC(7)	5.14*	4.68*	1.64	-1.55	6.69*
PC(8)	7.11**	6.43**	3.72	-0.44	7.55*
PC(9)	8.69***	7.28**	5.13*	-0.21	8.90**
PC(10)	9.99***	7.99**	4.95*	-0.30	10.29**
PC(15)	16.87***	12.81***	6.26*	-1.37	18.24***
PC(20)	20.16***	15.41***	5.56	-1.45	21.61***
PC(40)	17.00**	12.08*	6.37	1.70	15.30
PC(60)	18.66**	14.60*	16.42**	5.16	13.50
No. of Obs.	1,280	1,309	1,272	1,005	

This table reports the house money effect measures of the whole sample for group G1 which contains events with the largest gain. Gain is calculated by the FIFO method (the first purchase price as reference point) and trading events in this table are for 3, 4, 5, and 10 days in which there is purchase only following a successive 3 days sales of stocks. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \;/\; P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day

t and likewise $P(j,t-1-k)$ is the price of stock j in k+1 trading days before the purchase day. The first column to the right shows difference in house money effect measure between 3 purchase days and 10 purchase days. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B7

Familiarity bias and the House Money Effect

	Type of Investors			
	Mixed-stock Investors	All Investors	Large-stock Investors	Mixed-Large
PC(1)	2.96	2.48	1.23	1.73
	(3.25)***	(3.84)***	(1.29)	(1.41)
PC(2)	4.77	3.49	1.34	3.43
	(3.54) ***	(3.61) ***	(0.94)	(1.82) *
PC(3)	5.31	4.70	2.93	2.38
	(3.17) ***	(3.88) ***	(1.62)	(1.03)
PC(4)	6.08	6.14	4.87	1.21
	(3.14) ***	(4.41) ***	(2.36) **	(0.48)
PC(5)	8.99	9.18	7.74	1.25
	(4.17) ***	(5.92) ***	(3.35) ***	(0.41)
PC(6)	12.05	12.87	12.07	-0.02
	(5.19) ***	(7.65) ***	(4.79) ***	(-0.01)
PC(7)	14.91	15.07	13.41	1.50
	(6.07) ***	(8.40) ***	(4.96) ***	(0.39)
PC(8)	18.02	17.87	15.55	2.47
	(7.06) ***	(9.46) ***	(5.40) ***	(0.63)
PC(9)	21.12	20.49	17.68	3.44
	(7.80) ***	(10.24) ***	(5.80) ***	(0.83)
PC(10)	24.13	22.94	19.36	4.77
	(8.41) ***	(10.84) ***	(6.03) ***	(1.04)
PC(15)	35.66	30.75	23.28	12.38
	(10.31) ***	(11.74) ***	(5.78) ***	(2.32) **
PC(20)	37.21	34.23	28.5	8.71
	(8.95) ***	(10.83) ***	(5.87) ***	(1.32)
PC(40)	43.48	35.43	20.76	22.72
	(7.41) ***	(7.96) ***	(3.07) ***	(2.52) ***
PC(60)	49.54	36.86	13.93	35.61
	(7.07) ***	(6.78) ***	(1.70) *	(3.30)***
No. of Obs.	2,729	5,098	2,323	

This table presents the house money effect measures of whole sample for three type investors. We identify the type of investors with the following steps. On each day, we sum

the value of large stocks and small stocks held by an individual. The large-stock ratio is calculated as the ratio of the value of large stocks to total portfolio value. Likewise, the small-stock ratio is calculated as the ratio of small stocks' value to total portfolio holdings. Then we are able to identify a large-stock (small-stock) day when the large-stock (small-stock) ratio is higher or equal to 0.7. For the entire sample period, an investor is defined as a large-stock (small-stock) trader if the ratio of number of large-stock (small-stock) days to total days is higher or equal to 0.7. Finally, the remaining investors are classified as mixed-stock investors. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \,/\, P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Gain is calculated by the FIFO method (the first purchase price as reference point) and trading events in this table are for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. The first column to the right shows difference in house money effect measure between mixed-stock investors and large-stock investors. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B8

Familiarity bias and the House Money Effect for G1 (Largest Gain)

	Type of Investors			
	Mixed-stock Investors	All Investors	Large-stock Investors	Mixed-Large
PC(1)	1.62	0.83	-0.33	1.95
	(1.10)	(0.80)	(-0.22)	(0.91)
PC(2)	1.90	1.12	-0.10	2.00
	(0.83)	(0.69)	(-0.04)	(0.58)
PC(3)	1.85	0.36	-1.51	3.36
	(0.65)	(0.18)	(-0.51)	(0.78)
PC(4)	1.09	-0.17	-1.55	2.64
	(0.34)	(-0.07)	(-0.47)	(0.53)
PC(5)	2.05	1.13	-0.41	2.46
	(0.57)	(0.44)	(-0.11)	(0.43)
PC(6)	4.04	3.31	2.03	2.01
	(1.04)	(1.18)	(0.49)	(0.31)
PC(7)	6.83	5.14	2.45	4.38
	(1.69)*	(1.74) *	(0.55)	(0.70)
PC(8)	9.51	7.11	3.29	6.22
	(2.25)**	(2.29) **	(0.70)	(0.95)
PC(9)	11.70	8.69	3.99	7.71
	(2.65)***	(2.67) ***	(0.81)	(1.13)
PC(10)	14.12	9.99	3.66	10.46
	(3.06)***	(2.91) ***	(0.70)	(1.47)
PC(15)	24.85	16.87	5.10	19.75
	(4.50) ***	(3.95) ***	(0.77)	(2.27)**
PC(20)	26.17	20.16	10.00	16.17
	(4.01) ***	(3.92) ***	(1.24)	(1.56)
PC(40)	26.56	17.00	-0.44	27.00
	(2.87) ***	(2.42) **	(-0.04)	(1.94)*
PC(60)	32.90	18.66	-7.88	40.78
	(3.01) ***	(2.22) **	(-0.62)	(2.45)**
No. of Obs.	606	1,280	647	

This table presents the house money effect measures of whole sample for three type investors for group G1 which contains events with the largest gain. Gain is calculated by

the FIFO method (the first purchase price as reference point) and trading events in this table are for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. We identify the type of investors with the following steps. On each day, we sum the value of large stocks and small stocks held by an individual. The large-stock ratio is calculated as the ratio of the value of large stocks to total portfolio value. Likewise, the small-stock ratio is calculated as the ratio of small stocks' value to total portfolio holdings. Then we are able to identify a large-stock (small-stock) day when the large-stock (small-stock) ratio is higher or equal to 0.7. For the entire sample period, an investor is defined as a large-stock (small-stock) trader if the ratio of number of large-stock (small-stock) days to total days is higher or equal to 0.7. Finally, the remaining investors are classified as mixed-stock investors. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \,/\, P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. The first column to the right shows difference in house money effect measure between mixed-stock investors and large-stock investors. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B9

Reference Points and the House Money Effect

	Reference Points			Prior
	FIFO	LIFO	Prior High	High-FIFO
PC(1)	2.48	2.50	3.78	1.30
	(3.84)***	(3.60) ***	(3.77) ***	(1.09)
PC(2)	3.49	3.45	3.45	-0.04
	(3.61) ***	(3.31) ***	(2.28) **	(-0.03)
PC(3)	4.70	4.61	4.60	-0.10
	(3.88) ***	(3.53) ***	(2.42) **	(-0.04)
PC(4)	6.14	5.61	8.28	2.14
	(4.41) ***	(3.73) ***	(3.78) ***	(0.83)
PC(5)	9.18	8.53	14.42	5.24
	(5.92) ***	(5.09) ***	(5.93) ***	(1.82)*
PC(6)	12.87	12.30	20.68	7.81
	(7.65) ***	(6.77) ***	(7.89) ***	(2.51)**
PC(7)	15.07	14.46	24.19	9.12
	(8.40) ***	(7.45) ***	(8.67) ***	(2.76)***
PC(8)	17.87	16.86	28.79	10.92
	(9.46) ***	(8.24) ***	(9.88) ***	(3.14)***
PC(9)	20.49	19.42	32.26	11.77
	(10.24) ***	(8.96) ***	(10.48) ***	(3.20)***
PC(10)	22.94	22.14	35.08	12.14
	(10.84) ***	(9.68) ***	(10.80) ***	(3.12)***
PC(15)	30.75	30.36	45.70	14.95
	(11.74) ***	(10.72) ***	(11.58) ***	(3.13)***
PC(20)	34.23	34.74	48.03	13.80
	(10.83) ***	(10.14) ***	(10.32) ***	(2.42)**
PC(40)	35.43	41.47	14.84	-20.59
	(7.96) ***	(8.67) ***	(2.29) **	(-2.57)
PC(60)	36.86	42.65	13.64	-23.19
	(6.78) ***	(7.39) ***	(1.77) *	(-2.42)
No. of Obs.	5,098	5,196	3,277	

This table presents the house money effect measures for whole sample with different profit calculation methods. Gain is calculated by FIFO, LIFO, and prior high methods which take the first purchase price, the most recent purchase price, and the highest stock price attained

20 trading days ago as the reference point, respectively. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \,/\, P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Trading events in this table are for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. The first column to the right shows difference in house money effect measure between prior high and FIFO profit calculation method. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

.

Table B10

Reference Points and the House Money Effect for G1 (Largest Gain)

	Reference Points			Prior
	FIFO	LIFO	Prior High	High-FIFO
PC(1)	0.83	0.30	1.49	0.66
	(0.80)	(0.26)	(1.08)	(0.36)
PC(2)	1.12	0.81	0.25	-0.87
	(0.69)	(0.46)	(0.12)	(-0.35)
PC(3)	0.36	0.89	-1.23	-1.59
	(0.18)	(0.41)	(-0.47)	(-0.47)
PC(4)	-0.17	0.23	0.54	0.71
	(-0.07)	(0.09)	(0.18)	(0.20)
PC(5)	1.13	0.97	5.01	3.88
	(0.44)	(0.35)	(1.51)	(0.94)
PC(6)	3.31	3.35	9.44	6.13
	(1.18)	(1.13)	(2.57)**	(1.35)
PC(7)	5.14	3.63	11.90	6.76
	(1.74) *	(1.16)	(3.07)***	(1.41)
PC(8)	7.11	4.12	14.53	7.42
	(2.29) **	(1.25)	(3.61)***	(1.48)
PC(9)	8.69	5.17	16.71	8.02
	(2.67) ***	(1.48)	(3.96)***	(1.53)
PC(10)	9.99	7.33	18.70	8.71
	(2.91) ***	(1.98)**	(4.25) ***	(1.59)
PC(15)	16.87	12.54	30.31	13.44
	(3.95) ***	(2.73)***	(5.64) ***	(1.97)**
PC(20)	20.16	14.32	35.68	15.52
	(3.92) ***	(2.58)***	(5.76) ***	(1.90)*
PC(40)	17.00	19.65	6.48	-10.52
	(2.42) **	(2.56)**	(0.78)	(-0.93)
PC(60)	18.66	18.37	7.00	-11.66
	(2.22) **	(2.00)**	(0.73)	(-0.88)
No. of Obs.	1,280	1,302	823	

This table presents the house money effect measures for whole sample with different profit calculation methods for group G1 which contains events with the largest gain. Gain is calculated by FIFO, LIFO, and prior high methods which take the first purchase price, the

most recent purchase price, and the highest stock price attained 20 trading days ago as the reference point, respectively. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [*t*, *t*-1] on investment gain from the previous period (*t*-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k) = [P(j,t-1) - P(j,t-1-k)] \;/\; P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Trading events in this table are for 3 days in which there is purchase only following a successive 3 days sales of stocks, denoted by 3S3B. The first column to the right shows difference in house money effect measure between prior high and FIFO profit calculation method. The number in parentheses is the *t*-statistics. ***, **, * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

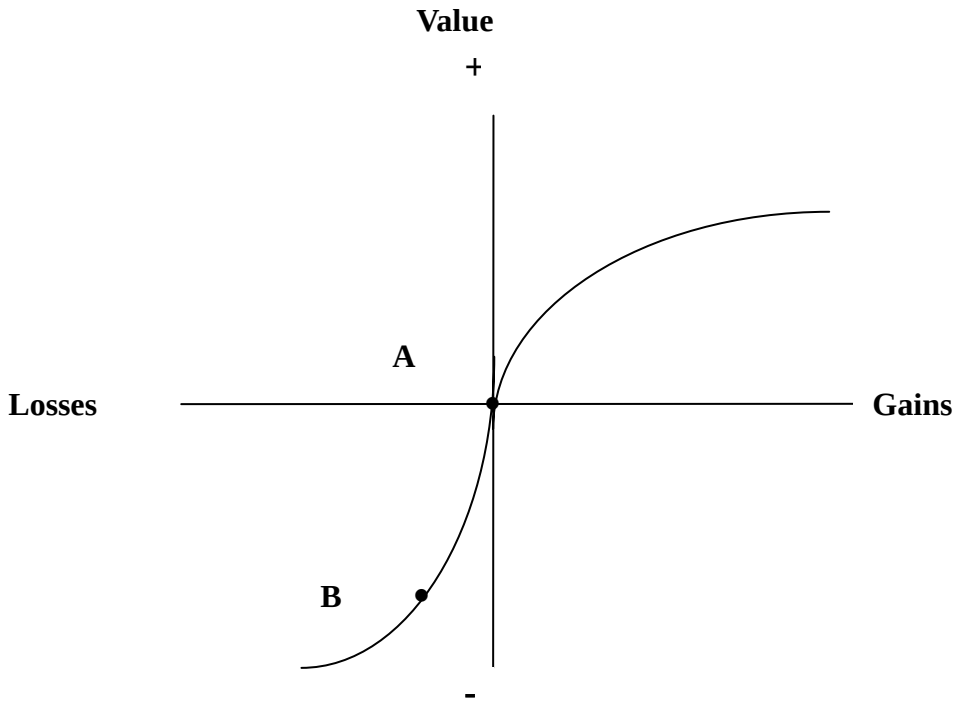

Figure 1

The Value Function of Prospect Theory (Kahneman and Tversky (1979))

This figure depicts the value function of prospect theory developed by Kahneman and Tversky in 1979. The S-shaped value function is concave over gains and convex over losses, and is steeper for losses than for gains. Point A is on the original point represents an initial investment. After a considerable failed investment has been made, the investor is at point B.

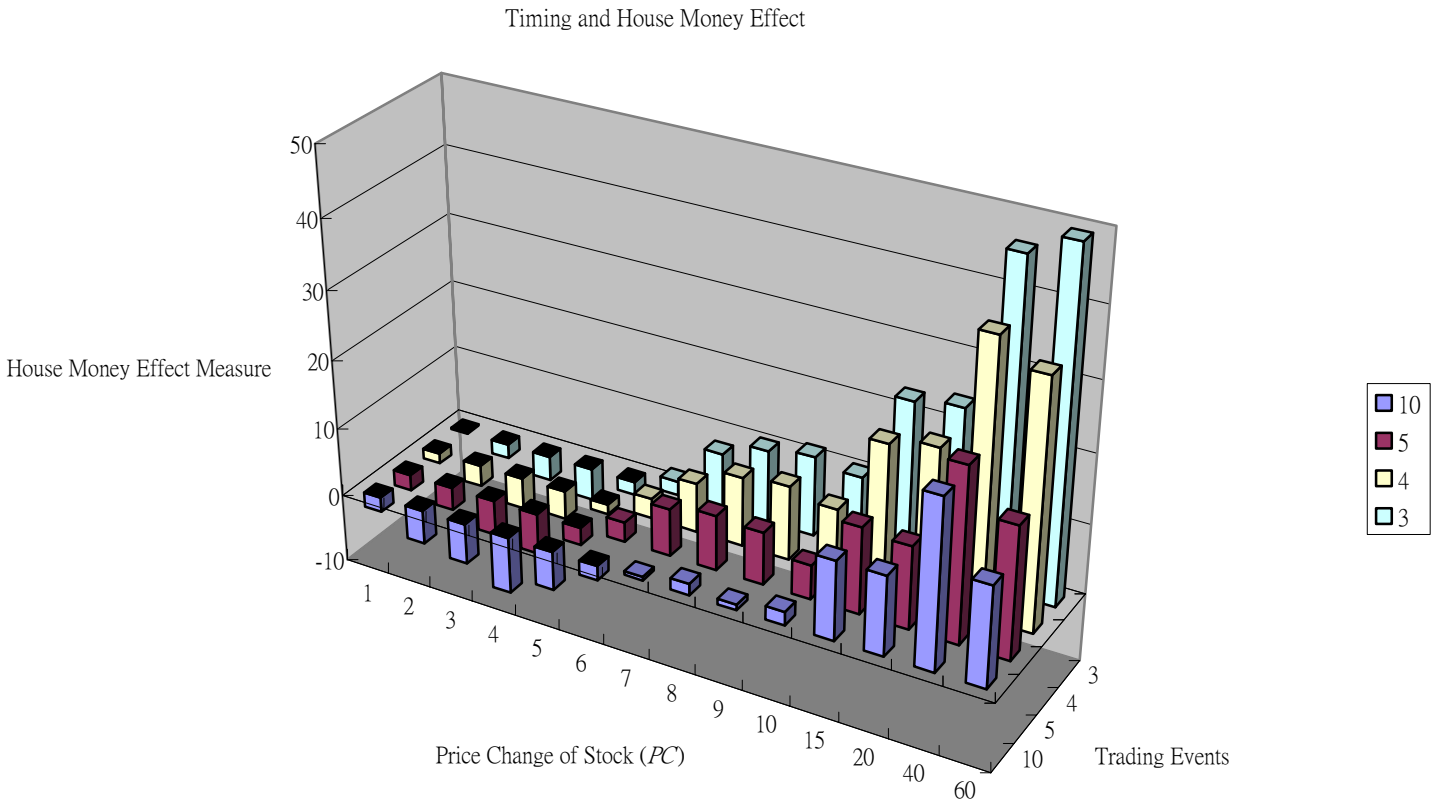

Figure 2

This figure presents histograms of house money effect measures with different trading events. Trading events are for 3, 4, 5, and 10 days in which there is purchase only following a successive 3 days sales of stocks. The measure of house money effect is defined as the coefficient from the regression of the change of risk taking in the period [t, t-1] on investment gain from the previous period (t-1): $\Delta RT_{i,t} = \beta\, G_{i,t-1} + \varepsilon_{i,t}$, where $\Delta RT_{i,t}$ is

the change of risk taking in the period [*t*, *t*-1], $G_{i,t-1}$ is the investment gain from the previous period *t-1*. We use price change of stock as a proxy for $\Delta RT_{i,t}$, which defined as $PC(j,k)=[P(j,t-1)-P(j,t-1-k)]\ /\ P(j,t-1-k)$, where $P(j,t-1)$ is the closing price of stock *j* in one trading day before the purchase day *t* and likewise $P(j,t-1-k)$ is the price of stock *j* in *k*+1 trading days before the purchase day. Gain is calculated by the FIFO method (the first purchase price as reference point).