

The Asymmetric Herding Behavior of US Fund Managers on the Stock Market

Yen-Hsien Lee

Department of Finance, Chung Yuan Christian University
No. 200, Chung Pei Rd., Chung Li, Taiwan 32023, R.O.C.
Telephone: (03)265-5711 E-mail: yh@cycu.edu.tw

Hao Fang

Department of Assets and Property Management, Hwa Hsia Institute of
Technology
No. 111, Gong Jhuan Rd., Chung Ho, Taipei, Taiwan 23568, R.O.C.

ABSTRACT

This paper uses monthly data to examine herd behavior by US equity-fund managers in the global stock market. We observe that herding effects occur in the most type funds except the aggressive growth fund. Our results for asymmetric herding indicate that herding behavior by US fund managers in the stock market is more prominent when the market rises and volatility is high for value-type funds, when the fund size is larger and when fund's period of establishment is longer. The herd behavior of US fund managers is primarily non-informational, possibly because of reputational concerns. However, significant information-value herding only exists for international funds and only occurs when the market rises.

KEYWORDS: herding, mutual fund, CSAD, market circumstances, price impact.