

Financial Assets Return, Economic Factors and Investor's Behavioral Indicators Relationships Modeling: A Bayesian Networks Approach

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Abstract : The main purpose of this study is to examine the interaction between financial asset volatility, economic factors and investor's behavioral indicators related to both the company's and the markets stocks for the period from January 2000 to January 2020. Using multiple linear regression and Bayesian Networks modeling, results show a positive and negative relationship between investor's psychology index, economic factors and predicted stock market return. We reveal that the application of the Bayesian Discrete Network contributes to identify the different cause and effect relationships between all economic, financial variables and psychology index.

Keywords : Financial asset return predictability, Economic factors, Investor's psychology index, Bayesian approach, Probabilistic networks, Parametric learning

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