



**INVESTOR EMOTION RISK IMPACTS ON STOCK MARKET :
UNITED STATES EVIDENCE**

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ABSTRACT

The purpose of this research is to examine the role of emotion in United States stock market where regardless of being developed financial markets there are disagreement about the state of the US investors and the stock market efficiency between behavioural and modern finance in the theoretical lenses. The data that had been used in this research is Standard and poor 500 stock market index as dependent variables and dividend (fundamental factors), volatility index (VIX) CBOE and historical volatility MSCI ACWI (behaviour factors) as independent variables where the linear, non-linear and quantile models been used to test the dataset. The results, the dividend variables show positive significant while VIX CBOE and historical volatility MSCI ACWI show negative significant towards US stock market. These findings are in parallel with empirical evidence and theoretical perspective that been used in this research. In addition, this research introduces new alternative proxy in measuring investor emotion globally (historical volatility of MSCI ACWI) and give implication to finance body of knowledge which is investor rationally of US stock market. As a practical implication, it gives investor a new thought that the US stock market is not always fully efficient due to human behaviour and the policy makers need to control enormous of behavioural risk in market to diminish the negative effect of behavioural factors in United State.