Review of: "Sectoral Herding Contagion on Eve of New Year"

Jo Ann Rolle

1 City University of New York

Potential competing interests: No potential competing interests to declare.

The paper makes significant contributions to the existing literature on herding contagion in the context of the New Year celebrations in two major global economies - the US and China.

The literature review is comprehensive and provides a well-rounded overview of previous works on herding behavior and contagion. This review anchors the current study in the existing body of knowledge, positioning it as a significant addition.

The findings provide new insights into the negligible intensity of herding contagion during the New Year within the US and Chinese stock markets. The author further identifies potential sectors for investment and offers a strategic approach to diversifying portfolios. These results will likely be valuable to investors, policymakers, and academic researchers alike.

The article’s focus on the New Year’s eve and the specific analysis of US and Chinese stock markets distinguishes it from other studies. Its approach to connecting traditional finance with behavioral finance and religion adds a nuanced layer of complexity to the analysis.

While the study does provide a detailed analysis, the exclusion of the COVID-19 period might limit the generalizability of the findings. The author acknowledges the complexity of predicting herding contagion across different stock markets, suggesting further research is needed to deepen understanding, especially in light of the COVID-19 situation.

Overall, the study is well-executed and provides significant contributions to the field of financial herding behavior. It extends the understanding of herding contagion, offering valuable insights and practical applications for investors, researchers, and policymakers.

In future research, it would be beneficial to expand the analysis to include more recent data and possibly other global markets. Additionally, understanding the underlying psychological and sociological factors that may influence herding behavior could provide further nuance and depth to the analysis.