

CFA Trending Topics

June 26, 2018

Buy or Sell? Wait a minute ... GOAL!

Key takeaways:

- World Cup (and major sporting events) garner hundreds of millions, if not billions, of viewers worldwide...what impact might the 2018 World Cup have on financial markets this year?
- An interesting study^[1] found that in 2014 and 2010 Soccer World Cups, local stock market volumes dropped by 48% and 36%, respectively, when the home country played during trading hours.
 - Normal trading resuming 30-60min after the match ended.
 - Further, a goal scored by either team during the 2010 tournament reduced the number of the trades by 11%!
- Too bad the U.S. didn't qualify this World Cup... at least there is a potential silver lining for US market liquidity!

^[1] Source: "The Pitch Rather Than the Pit: Investor Inattention, Trading Activity, and FIFA World Cup Matches" (August 2016)

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