

Internet Appendix A247: Behavioural Finance II
Illustrative Fantasy Pitch Template Example

Pitcher's names	Shixin Yin & Yue Dong	For Category	Behaviour Finance	Date Completed	13/01/2017
(A) Full Reference	Haze and stock return: evidence from Chinese financial market				
(B) Basic Research Question	To explore the impact of air quality on stock return in Chinese financial market.				
(C) Key paper(s)	Cao, M. and Wei, J. (2005). Stock market returns: A note on temperature anomaly. <i>Journal of Banking & Finance</i> , 29(6), pp.1559-1573. LI, J., Massa, M., Zhang, H. and Zhang, J. (2017). Behavioral Bias in Haze: Evidence from Air Pollution and the Disposition Effect in China. SSRN Electronic Journal. Pope, C., Burnett, R., Turner, M., Cohen, A., Krewski, D., Jerrett, M., Gapstur, S. and Thun, M. (2011). Lung Cancer and Cardiovascular Disease Mortality Associated with Ambient Air Pollution and Cigarette Smoke: Shape of the Exposure-Response Relationships. <i>Environmental Health Perspectives</i> , 119(11), pp.1616-1621.				
(D) Motivation/Puzzle	Nowadays, behaviour finance is becoming a mainstream finance research area. Weather conditions have been recognised as variables which can affect the behaviours of investors, and subsequently influence the stock market returns. Along with industrial development in China, air pollution, especially the haze, becomes a severe problem and has affected the society significantly. It is critical for policy makers and stock investors to get aware of whether haze affects the stock returns in Chinese financial market.				
THREE	Three core aspects of any empirical research project i.e. the “ IDioTs ” guide				
(E) Idea?	The core idea of this paper is that better air quality can increase the return from the Chinese stock market. The key dependent variable is the stock return for a given index in Chinese stock market. And the key independent variable is the hourly air quality index.				
(F) Data?	Hourly Chinese air quality index are obtained from China environment monitoring center. While the data for Chinese stock market are obtained from the Bloomberg. The sample will cover about nine years, in the period of 2008-2016.				
(G) Tools?	We will conduct the regression analysis to precise the relationship between air quality and Chinese stock market. The first-order autocorrelation in returns and other realized anomalies have been adjusted in the regression.				

TWO	Two key questions
(H) What's New?	Prior literature focus on the relationship between weather (such as temperature and sunshine) and the stock market return. Distinguished with prior literature, we focus on the role of Chinese air quality, as air quality has now become a major concern for Chinese environment.
(I) So What?	As the air pollution has become a serious environmental problem among China, the air quality impacts the society more and more significantly. Figuring out the relationship between the air quality and Chinese financial market stock return is crucial for policy makers and investors.
ONE	One bottom line
(J) Contribution?	This research finds out the relationship between the air quality and stock return in Chinese financial market, which has not been fully recognised by the current literature. This finding has potential to help policy makers and investor to make wiser decisions.
(K) Other Consideration	<ul style="list-style-type: none"> • Whether this finding can be applied to other countries has not been confirmed. • Low risk of data source; low risk of result • Collaboration is not necessary