ABSTRACT

Human decision making process is influenced by many external as well as internal factors. Our behaviour cannot be deemed as fully rational. This thesis investigates the effect of emotional anchoring on a propensity to enter an asset bubble. This effect was observed in an experiment ran on an online crowdsourcing platform, Amazon Mechanical Turk. The negative anchor proves to have a significant negative effect, i.e. when a subject is under the negative anchor she is more prone to enter the bubble. The positive anchor does not have any significant effect. This thesis contributes to the general knowledge by confirming that trading decisions we make are subjected to the emotions we feel prior to making the decisions.

JEL Classification C72, C91, D03, D53

Keywords Bubble game, anchoring, emotions

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