

# Buying the same stock -- again: Pride and regret drive investors' decisions

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(PhysOrg.com) -- Haas professor Terrance Odean, who studies behavioral finance, finds that trading patterns involving previously owned stock are driven by a desire to avoid or at least limit anticipated regret.

How likely are you to repurchase a [stock](#) you sold?

Professor Terrance Odean, who studies behavioral finance, found that that trading patterns involving previously owned stock are driven by a desire to avoid or at least limit anticipated regret. In other words, investors are likely to repurchase a stock if the sale boosts [feelings](#) of satisfaction.

Odean and co-authors reviewed more than 700,000 stock purchases and found that investors are one-half to two-thirds more likely to 1) repurchase stocks previously sold for a gain rather than stocks they previously sold for a loss, 2) repurchase stocks that have lost rather than gained value following a prior sale, and 3) purchase additional shares of stocks that have lost rather than gained value since being purchased.

Provided by University of California - Berkeley

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