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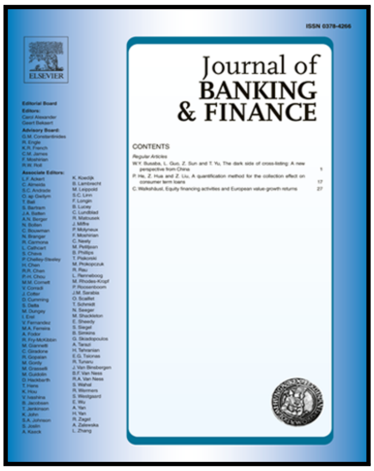


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Qingyuan Li , Si Li , Li Xu

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# National Elections and Tail Risk: International Evidence

Qingyuan Li*
*Wuhan University*

Si Li
*Wilfrid Laurier University*

Li Xu
*Washington State University*

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**Abstract**

We investigate stock tail risk around national elections worldwide over the period of 1982-2012. We find that firm stock is less likely to crash during the election years, and is more likely to crash during the post-election period. This inter-temporal pattern is consistent with the suppression of negative information when there is heightened political uncertainty around elections and with the subsequent release of adverse news when the uncertainty is reduced. Further analysis shows that the impact of political uncertainty on tail risk is stronger in countries with poorer investor protection, fewer electoral checks and balances, more uncertain election outcomes and pro-business incumbent governments, in industries which are more politically sensitive, and in firms with larger information asymmetry.

* Qingyuan Li (qyli@whu.edu.cn), School of Economics and Management, Wuhan University, Luojia Hill, Wuchang District, Wuhan, Hubei 430072, China, Tel: 86-27-68753054; Si Li (sli@wlu.ca), Financial Services Research Centre, Lazaridis School of Business and Economics, Wilfrid Laurier University, Waterloo, Ontario N2L 3C5, Canada, Tel: 1-519-884-0710 ext. 2395; Li Xu (li.xu3@wsu.edu), College of Business, Washington State University, Vancouver, WA 98665, Tel: 1-360-546-9656. We thank an anonymous referee, Philip Dybvig, Mark Loewenstein, and seminar and conference participants at Washington State University, IFABS 2015 Corporate Finance Conference, Southwestern University of Finance and Economics, and Shanghai Jiao Tong University for helpful comments. Qingyuan Li acknowledges financial support from the School of Economics and Management at Wuhan University and the Ministry of Education of China (NECT-12-0432). Si Li acknowledges financial support from the Ira Gluskin Fellowship in Finance and the Social Sciences and Humanities Research Council of Canada. Li Xu acknowledges financial support from the Summer Research Grant from the School of Business at Washington State University.