Testosterone may be at the root of stock market instability: Study

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Wall Street bros may want to step off the NYSE trading floor and take a long look in the mirror. A new study suggests that they may only have themselves to blame–and their Leydig cells and adrenal glands–for the wild oscillations of stock markets.

Apparently, **high levels of testosterone can cause traders to overestimate future stock value, which changes their trading behavior**, according to the study. That can lead to frenzied buying of stocks, causing price bubbles, and subsequent crashes, and basically reenacting scenes from *Wall Street.*

The doubl- blind study, “The Bull of Wall Street: Experimental Analysis of Testosterone and Asset Trading ,” which was published in the journal *Management Science*, gave either topical testosterone or a placebo to 140 young males and set them loose buying and selling financial assets to earn real money. The men who got the additional testosterone bought and sold more, created larger price bubbles, were prone to mis-pricing, and their perception of a stock’s value was skewed.

“Based on our findings, professional traders, investment advisories, and hedge funds should limit the risk taken by young male traders,” said Amos Nadler of the Ivey Business School at Western University in a press release. He conducted the study along with Peiran Jiao of the University of Oxford, Paul Zak and Veronika Alexander of the Center for Neuroeconomics Studies at Claremont Graduate University, and Cameron Johnson at the Behavioral Health Institute at Loma Linda. In short, the next time Wall Street crashes, just shake your head at how men simply can’t be trusted with such serious positions because of their hormones.ML