

POSTGRADUATE SEMINAR SERIES

Topic Defence Seminar

Topic Title: **Antidote for Sin Stock? Evidence from Marijuana Legalization**

Presenter: **Ms. LI Mingyang**
PhD student in Finance

Abstract : This study examines the real effect of recreational marijuana legalization in the U.S., focusing on the short-term market reactions and long-term performance of sin stocks such as tobacco and alcohol. The research explores two hypotheses: the substitution effect, which suggests that legal marijuana may reduce demand for traditional sin stocks, and the complementary effect, which proposes that societal acceptance of marijuana could lessen concerns about traditional sin stocks. First, utilizing event study methodology, it analyzes stock price fluctuations around the dates of marijuana legalization across various states to assess the changes in investors' expectations about the prospects of traditional sin stocks. Additionally, the study investigates how these price changes might influence companies' long-term behaviors and performance, such as Environmental, Social, and Governance (ESG) practices, hypothesizing that shifts in market condition could alter firm behaviors with value implications.

Date : 21 May 2024, Tuesday
Time : 2:00 pm - 3:30 pm
Venue : SEK205, 2/F, Simon & Eleanor Kwok Building
Language : English



*** All are Welcome ***