

Abstract: I propose a persuasion model to show that the social network structure of investors can be related to the stock market volatility. Through examining the unique data set which consists of all brokers' daily trading information for a decade in Taiwan, I find that the density of brokers financial network is positively correlated to the realized volatility of market. Moreover, it can also be an indicator to the systemic risk of market. My finding sheds a light not only on investigating the trading behaviors of investors, but also providing an explanation to understand the phenomenon of correlation persistence in stock markets