

## **Do government rescue policies reduce the market volatility after crash?**

Sai-Ping Li

### **Abstract**

In this talk, we will discuss the influence of government rescue policies on market volatilities after crash. As an example, we investigate the influence of government rescue policies on the Shanghai stock market after crashes by studying the dynamics of aftershocks based on the Omori law with high frequency minute data. We find that the rescue policies indeed reduce the index volatility when there are large fluctuations in the market. Empirical study of aftershocks for the decomposed components of the stock index further reveal the influence of government rescue policies.