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**A. Duran\*** ([durana@umich.edu](mailto:durana@umich.edu)), University of Michigan, Department of Mathematics, 530 Church St., Ann Arbor, MI 48109, and **G. Caginalp** ([caginalp@pitt.edu](mailto:caginalp@pitt.edu)), University of Pittsburgh, Department of Mathematics, Pittsburgh, PA 15260. *Deviation Model for Financial Overreaction.*

In this paper we study financial overreaction behavior and its possible theoretical reasons. We propose deviation model (DM) for financial markets. Also, the proposed mathematical and statistical models with new methodologies in behavioral finance are implemented by suitable algorithms and tested with real data from a large set of closed end funds trading in US markets. We find "overreaction diamond" pattern in prices and significant results. (Received July 01, 2006)