

## **Reversals in Wine Auction Prices**

**Dr. Ginette McManus**  
**Associate Professor of Finance**  
**Haub School of Finance**  
**Saint Joseph's University**  
**5600 City Avenue**  
**Philadelphia, PA 19131**  
**gmcmanus@sju.edu**  
**610-660-1632**

**Dr. Rajneesh Sharma**  
**Assistant Professor of Finance**  
**Haub School of Finance**  
**Saint Joseph's University**  
**5600 City Avenue**  
**Philadelphia, PA 19131**  
**rsharma@sju.edu**  
**610-660-1115**

**Dr. Ahmet Tezel**  
**Associate Professor of Finance**  
**Haub School of Finance**  
**Saint Joseph's University**  
**5600 City Avenue**  
**Philadelphia, PA 19131**  
**atezel@sju.edu**  
**610-660-1670**

**January 2009**

**Please do not quote without permission of the authors**

## **Reversal in Wine Auction Prices**

### ***ABSTRACT***

This paper investigates reversals in wine auction prices after strong positive and negative returns. Using The Chicago Wine Company's auction data we find evidence of reversals after extreme price changes. There is a clear asymmetry in the market reaction to price increases and declines. Price declines after strong price increases are not, in general, as significant as price increases after strong price declines. The strongest reversal occurs for wines which have declined by more than 20%.