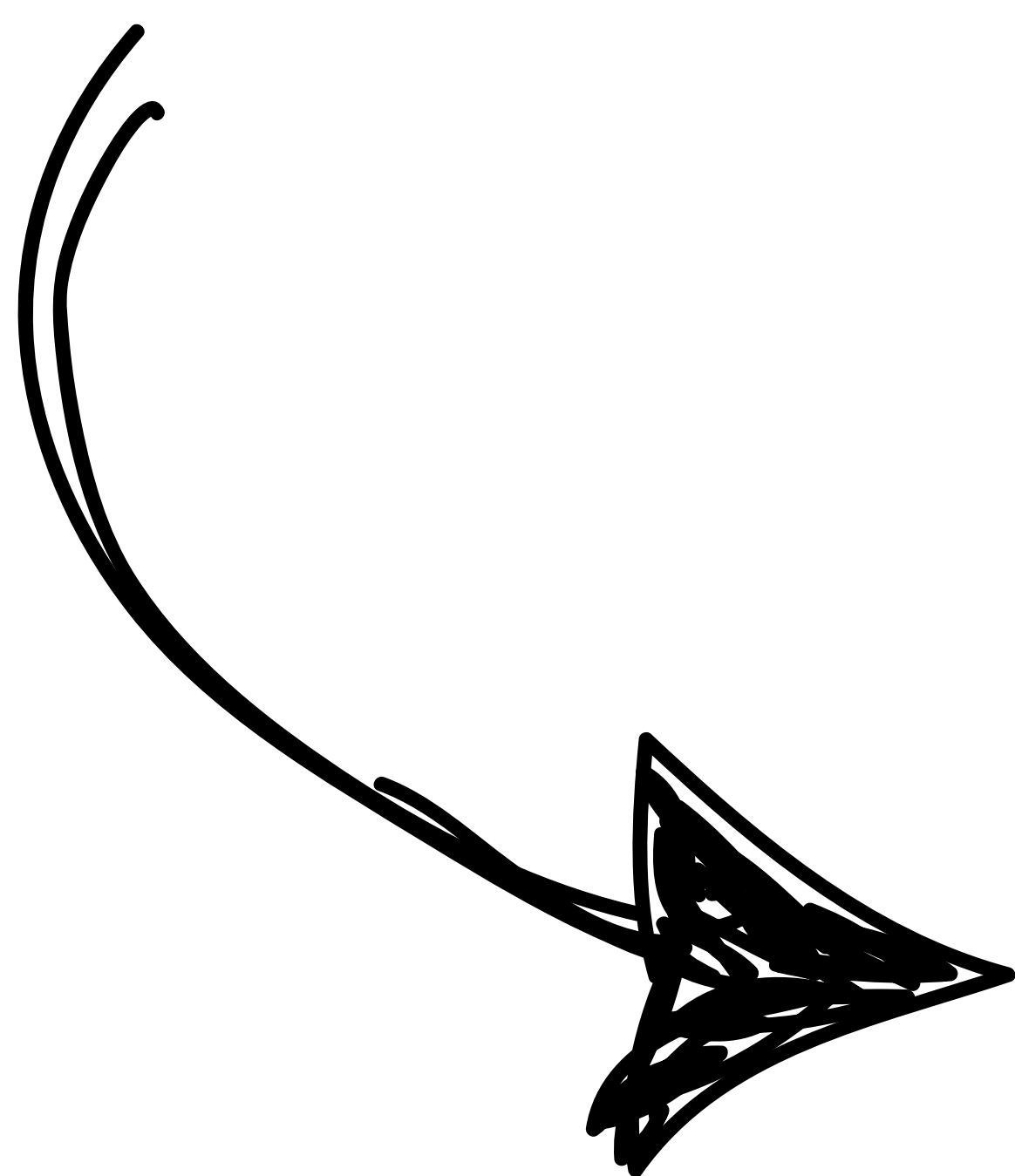


Attention to Global Warming

Choi, Darwin, Zhenyu Gao, and Wenxi Jiang. "Attention to global warming." *The Review of Financial Studies* 33.3 (2020): 1112-1145.

We find that people revise their beliefs about climate change upward when experiencing warmer than usual temperatures in their area. Using international data, we show that attention to climate change, as proxied by Google search volume, increases when the local temperature is abnormally high. **In financial markets, stocks of carbon-intensive firms underperform firms with low carbon emissions in abnormally warm weather.** Retail investors (not institutional investors) sell carbon-intensive firms in such weather, and return patterns are unlikely to be driven by changes in fundamentals. Our study sheds light on peoples' collective beliefs and actions about global warming.



The paper points to the fact that when awareness about climate change increases, firms in high-carbon-intensive industries underperform those in low-carbon industries. **This is particularly important for pension funds as their investments are going to suffer with the increasing awareness of the general public about climate change in the future.** However, climate disasters are predicted to increase exponentially. If we pass multiple climate tipping points, we will lose everything.

SR



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scientist rebellion_

