**The Effect of Time-Induced Stress on Financial Decision Making in Real Markets:  
The Case of Traffic Congestion**

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**Abstract**

We study the role of stress, induced by time constraints, on investor decision making in real financial markets. We use traffic congestion as a stress trigger. Our dependent variable is the slope of the implied volatility function (IVF) of options on RTSI futures at the left-hand side of the volatility smile (cf. Bollen and Whaley, 2004). Controlling for relevant factors, we find that this slope at open of the main trading session is higher subsequent to morning traffic jams, suggesting that investors under stress assign higher weights to extreme loss scenarios. This effect is economically exploitable before transaction costs.

*Keywords: behavioral finance, GIS, implied volatility function, weighting of extreme scenarios*

*JEL codes: G13, G02*