Weak Issuance States and the Location of IPO Price Discovery[1]

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Abstract

Even as China's economy grew rapidly, its stock market delivered weak long-run returns: the Shanghai Composite has hovered near 3,000 for fifteen years while the S&P 500 roughly quintupled. Yet China is one of the world's largest IPO markets and raised more in IPO proceeds than the United States in 2022. I ask where the large first-day return on a Chinese IPO is set: at the opening auction, or during the trading day that follows? To answer this, I build a monthly Social Pressure Index (SPI) that is high when macroeconomic conditions are weak and households have little spare income to absorb risk. I interact SPI with an indicator for months in which the Shanghai Composite trades below 3,000, the level Chinese market commentary treats as a psychological weak-market threshold. In below-3,000 months, a one-standard-deviation increase in SPI is associated with about 23 percentage points higher first-day returns. Decomposing the first-day return into its two parts shows that this relation is concentrated in the offer-to-open move, from the fixed offer price to the first price at the opening auction, with almost nothing added during continuous trading: the SPI interaction is 0.084 from offer to open versus a near-zero 0.003 from open to close. The first-day return is therefore largely set at the opening auction, before continuous trading begins. Two further patterns fit this reading. When SPI is high in below-3,000 months, IPO supply and regulatory review activity expand less, not more, and the public listing queue shrinks. And the same framework applied to U.S. IPOs — where issuers can revise terms, delay, or withdraw before listing — yields a far smaller weak-market relation (0.038 versus 0.230), consistent with more pressure being absorbed before the first trade.

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1 Introduction

Despite two decades of rapid economic growth, China's A-share market has delivered weak long-run returns: over the past fifteen years the Shanghai Composite Index (SHCOMP) has repeatedly returned to the 3,000-point level—which Chinese market commentary treats as a psychological weak-market threshold—while the S&P 500 roughly quintupled. This long-run underperformance has been linked to institutional frictions and investor sentiment (Allen et al. (2024)). Yet China is one of the world's largest IPO markets and raised more in IPO proceeds than the United States in 2022, so weak long-run secondary-market performance coexists with large-scale primary-market risk placement. High first-day returns are a central feature of these IPOs under China's pricing and allocation rules (Qian, Ritter, and Shao (2024)), which raises a price-discovery question: where is the large first-day return on a Chinese IPO set—at the opening auction, or during the trading day that follows?

Prior work explains why Chinese IPOs can attract subscription demand while offer-stage adjustment remains constrained. Capping offer-stage price-to-earnings ratios and constraining first-day price ranges can generate large expected short-run payoffs under binding pricing and allocation rules, making new issues attractive to retail subscribers (Qian et al. (2024)). Administrative pricing rules and reforms continue to shape underpricing levels Tian (2011), Cheung et al. (2009)), while approval frictions and listing restrictions impose further constraints on timing and pricing decisions (Lee et al. (2023), Deng, Zhou, Chen, and Gao (2025)). Offer-stage regulation also affects issuer incentives and reporting quality. Chen, Ke, Wu, and Yang (2018) show that offer-pricing rules affect both IPO pricing and issuers' reporting incentives, including auditor choice and pre-IPO earnings management. These offer-stage constraints matter for the price-path question below: the more they limit how much the offer

price can move, the more of any weak-state pressure must surface after the offer price is fixed.

Household participation further distinguishes Chinese IPOs, shaping how aggregate conditions enter new-issue prices. A large literature already captures aggregate investor states through sentiment and attention (Baker and Wurgler (2006, 2007), Da, Engelberg, and Gao (2011, 2015)), policy and geopolitical uncertainty (Baker, Bloom, and Davis (2016), Caldara and Iacoviello (2022)), and belief- or news-based indicators (Bordalo, Gennaioli, La Porta, and Shleifer (2019), Bybee, Kelly, Manela, and Xiu (2024)). Within the primary market, pre-IPO demand and sentiment are also known to enter pricing before listing (Derrien (2005), Cornelli, Goldreich, and Ljungqvist (2006)). None of these measures, however, is built to capture what matters for absorbing new-issue risk in this setting: whether households have the spare resources to take it on. Account-level evidence shows sharp heterogeneity among Chinese retail investors—smaller accounts trade on gambling preferences and process public news poorly, while larger accounts use information more effectively (Jones, Shi, Zhang, and Zhang (2025))—and retail order flow carries short-horizon return predictability (Boehmer, Jones, Zhang, and Zhang (2021)). Households also adjust their risk-taking with aggregate financial conditions, most strongly when their own buffers are thin (Gomes, Peng, Smirnova, and Zhu (2025)), consistent with consumption-saving theory in which the capacity to bear new risky claims depends on current and expected surplus resources (Deaton (1991), Carroll (1997)). These features motivate a monthly state variable that measures aggregate pressure relative to household buffer capacity. I construct a Social Pressure Index (SPI) for this purpose: a pressure block aggregates adverse macroeconomic, policy, geopolitical, and market-mood indicators, and a state-dependent household-surplus buffer captures households' current and expected spare resources, so SPI is the pressure block net of that buffer.

I combine SPI with the below-3,000 weak-market indicator and study whether this interaction is related to IPO pricing. The IPO initial return is a central measure of underpricing in the IPO literature (Ibbotson (1975), Ritter and Welch (2002)). Classical theories explain why first-day returns arise (Rock (1986), Beatty and Ritter (1986)), while bookbuilding and partial-adjustment models explain why offer prices may not fully incorporate pre-listing information (Benveniste and Spindt (1989), Hanley (1993)). Empirical work documents that offer prices only partially adjust to publicly available pre-listing information (Bradley and Jordan (2002), Lowry and Schwert (2004)), and that issuer surplus considerations contribute to this incomplete adjustment (Edelen and Kadlec (2005)).

Prior work also decomposes IPO initial returns along different dimensions. Barry and Jennings (1993) provide an early within-day decomposition for U.S. IPOs, distinguishing offer-to-open returns from offer-to-close returns and showing that the bulk of IPO initial returns is realized at the opening transaction rather than in subsequent listing-day trading. Deng and Zhou (2016) decompose Chinese IPO initial returns along a longitudinal axis, separating the first-day return into a marketwide-return (MR) component capturing 21-day persistent return dynamics and an issue-specific intramonth-return (IMR) residual capturing transitory overreaction. These decompositions show that IPO initial returns combine components that differ by timing, persistence, and trading location.

The opening call auction is a distinct price-discovery margin, not a mechanical jump between two prices. Preopening mechanisms drive this discovery by aggregating accumulated orders (Madhavan and Panchapagesan (2000)), facilitating learning through indicative prices (Biais, Hillion, and Spatt (1999)), and incorporating information from quotes before any trade occurs (Cao, Ghysels, and Hatheway (2000)). Aggarwal and Wu (2025) bring this logic directly

to IPOs: using Nasdaq IPO Cross and NOII data, they show that preopening order-flow information is incorporated into the U.S. IPO opening price. China also uses an opening call auction, but it does not release comparable public data on preopening imbalances or indicative-price revisions. Because of this data limitation, the observable offer-to-open and open-to-close components provide a feasible path to locate where state-dependent adjustment occurs in Chinese IPOs.

The log initial return decomposes exactly: ln(Close/Offer) = ln(Open/Offer) + ln(Close/Open). The offer-to-open component captures the adjustment from the fixed offer price to the opening auction price, while the open-to-close component captures price adjustment during continuous trading after the opening. The conventional IPO initial return combines both. In a market with substantial retail participation, constrained offer-stage adjustment, and no public Nasdaq-style preopening imbalance data, this decomposition allows the paper to test whether SPI × Below 3,000 enters IPO initial returns through the opening price or through post-open trading. Below 3,000 indicates months in which the SHCOMP is below the 3,000-point region. The classification is a market-salience measure supported by Internet Appendix diagnostics, which show that the pricing relation is concentrated around the 2,900–3,000 neighborhood.

Baseline estimates show that, in below-3,000 months, a one-standard-deviation increase in SPI is associated with about 23 percentage points higher conventional winsorized IPO initial returns, with an interaction coefficient of 0.230 (t = 3.62). The corresponding log-return coefficient for ln(Close/Offer) is 0.088 (t = 3.59). Decomposing ln(Close/Offer) into ln(Open/Offer) and ln(Close/Open) places this relation at the opening price: the interaction coefficient is 0.084 (t = 3.39) for ln(Open/Offer), compared with 0.003 (t = 0.77) for ln(Close/Open). This near-zero open-to-close coefficient indicates that the opening price already

reflects most of the below-3,000 SPI relation before continuous trading begins.

When SPI is higher in below-3,000 months, IPO issuance and review activity expand less than in other months, and the public IPO queue shrinks: the interaction is −0.197 (t = −2.19) for ln(IPO count), −0.286 (t = −2.94) for ln(1 + review meetings), and −0.324 (t = −2.69) for queue stock. Public offer-stage pricing and timing indicators point in the same direction but are less precise; issuance counts, review meetings, and queue stock carry the cleaner evidence.

The U.S. analysis provides a benchmark from a more flexible IPO market. U.S. issuers and underwriters can revise offer terms, delay offerings, or withdraw deals before listing, giving the primary market more scope to absorb aggregate pressure before the opening price is set. Applying the same SPI framework to U.S. IPOs yields a much smaller weak-market coefficient, 0.038 (t = 1.23), compared with 0.230 in China. The smaller U.S. coefficient is consistent with more pressure being absorbed before the opening price is set through offer revisions, deal timing, or withdrawals.

This paper makes three contributions. First, I introduce a state variable that measures aggregate pressure relative to household risk-bearing capacity. Unlike sentiment-, attention-, or uncertainty-based state variables, SPI nets out a household-surplus buffer—a margin that matters in a market where retail participation is large and the capacity to absorb new equity risk varies with household resources.

Second, I separate the magnitude of the first-day return from its location within the trading day. This complements Aggarwal and Wu (2025), who observe IPO opening-price discovery directly through Nasdaq preopening order flow: China releases no comparable data, so I infer the location from the observable offer-to-open and open-to-close decomposition and the state-dependent SPI relation loads on the offer-to-open move, not on continuous trading. The

result is a state-dependent price-location finding for a large IPO market in which IPO-specific preopening order flow is not publicly observable.

Third, I connect this price-location result to the issuance side and to an external benchmark. When pressure is high in weak-market months, IPO supply and regulatory review activity expand less, not more, and the public listing queue shrinks, so little of the pressure is absorbed before listing through new supply. The same framework applied to U.S. IPOs—where issuers can revise terms, delay, or withdraw before listing—produces a far weaker relation. Together these patterns support reading the opening-price result as limited pre-listing absorption, rather than a mechanical feature of any single board or reform.

2 Conceptual Framework and Testable Implications

2.1 Social Pressure as the Pressure Block Net of the Household-Surplus Buffer

In this framework, social pressure is adverse aggregate conditions net of household buffer capacity. The pressure block aggregates macroeconomic weakness, labor-market strain, public-finance stress, household balance-sheet fragility, policy and geopolitical uncertainty, and weak market mood. The state-dependent household-surplus buffer captures the current or expected surplus resources households have available to absorb risk.

The pressure block treats these indicators as observable symptoms of financial stress. Hakkio and Keeton (2009) characterize financial stress by higher uncertainty about asset values and investor behavior, greater information frictions, and lower willingness to hold risky or illiquid assets. Subsequent macro-finance evidence formalizes financial conditions and risk perceptions as state variables that systematically shape macroeconomic and financial outcomes (Adrian, Boyarchenko, and Giannone (2019), Pflueger, Siriwardane, and Sunderam (2020)). The components of the pressure block also have direct empirical foundations: sentiment and attention

measures capture investor states (Baker and Wurgler (2006), (2007), Da, Engelberg, and Gao (2011), (2015)), while policy uncertainty and geopolitical risk capture aggregate uncertainty states (Baker, Bloom, and Davis (2016), Caldara and Iacoviello (2022)). This literature establishes the economic basis for treating these observable aggregate signals as pressure variables.

Households do not process these aggregate signals as raw data but through bounded perception: household macroeconomic beliefs differ from expert beliefs (Andre, Pizzinelli, Roth, and Wohlfart (2022)), salient information is overweighted in judgment (Tversky and Kahneman (1973)), and beliefs are shaped by lifetime experience (Malmendier and Nagel (2016))—and, for Chinese retail investors specifically, by similarity-based memory recall reflected in trading (Jiang, Liu, Peng, and Yan (2025)). Because the predictive weights on such signals are not known a priori, the pressure block combines standardized indicators with equal weights, which are robust when estimated weights are noisy (Dawes (1979)). Aggregate financial stress thus becomes social pressure once it is filtered through household perception and buffer capacity.

The state-dependent household-surplus buffer draws on consumption-saving theory: household risk-bearing capacity depends on whether the immediate liquidity margin binds in the current state. When the pressure block is high, aggregate stress raises the marginal value of contemporaneous household resources, so current household surplus is the marginal-utility buffer for absorbing risky claims, consistent with buffer-stock saving under liquidity constraints (Deaton (1991), Carroll (1997)). When the pressure block is low, the immediate liquidity margin is less binding, and risk-bearing capacity is better proxied by expected (persistent) household surplus, consistent with permanent-income consumption smoothing (Friedman (1957), Hall (1978)).

Direct evidence on Chinese retail investors supports the household-level pressure-and-buffer interpretation. Jones et al. (2025) show that smaller-account investors exhibit overconfidence, gambling preferences, and momentum-driven trading, while larger-account investors display contrarian patterns and incorporate public news effectively. This account-size heterogeneity identifies where the perception channel is most likely to matter: smaller speculative accounts process public information less effectively and are more exposed to salient weak-market signals. Gomes et al. (2025) show that Chinese retail households shift toward riskier assets when interest rates fall, with the strongest response among younger and less-wealthy investors. Their evidence supports the buffer side of the framework: households with more limited surplus capacity respond more strongly to aggregate financial conditions. SPI therefore measures a China-specific household state in which perceived pressure and risk-bearing capacity are both relevant for risky-asset demand.

The Social Pressure Index (SPI) brings the pressure block and household-surplus buffer together at monthly frequency; Section 3 develops the construction. The pressure block aggregates the adverse-condition indicators described above. The state-dependent household-surplus buffer switches between the marginal-utility margin (contemporaneous standardized surplus) when the pressure block is high and the expected-surplus margin (smoothed lagged surplus) when the pressure block is low. SPI is the standardized pressure block minus this state-dependent buffer. The switch is applied before subtracting the buffer, and the resulting state variable is built from observable macroeconomic and household data without reference to any market-pricing outcome.

2.2 Weak-Market State and Price-Location Logic

SPI is interacted with an indicator for months in which the SHCOMP is below 3,000. The

3,000-point region is widely used in Chinese financial media and market commentary as a psychological weak-market reference region, and the below-3,000 indicator classifies months in which the market lies below that salient region. Investors anchor judgments on salient reference points (Tversky and Kahneman (1973)), and use round numbers as cognitive shortcuts in trading (Kuo, Lin, and Zhao (2015)). Round-number index levels have also been studied as psychological price barriers (Donaldson and Kim (1993)). Internet Appendix diagnostics evaluate this salience-based classifier by testing whether the pricing relation is concentrated around the 2,900-3,000 neighborhood and whether the result is robust to nearby classifier choices, local composition checks, and timing checks.

Conceptually, the IPO initial return separates into two observable intervals along the first-day price path. The first interval is the offer-to-open return: the price change from the fixed offer price to the opening auction price, the first public secondary-market price after preopening buy and sell interest has accumulated. Opening call auctions are recognized price-discovery margins (Madhavan and Panchapagesan (2000)). The second interval is the open-to-close return: the price change during continuous trading after the opening price has been set. In the empirical tests, these two intervals are measured in logs as ln(Open/Offer) and ln(Close/Open), and they sum to ln(Close/Offer). This within-day decomposition has direct precedent in Barry and Jennings (1993), who distinguish offer-to-open and offer-to-close IPO returns. Related Chinese evidence shows that IPO initial returns contain components with different persistence (Deng and Zhou (2016)).

The value of this split depends on the institutional setting. In a flexible IPO market, weak-state pressure can be reflected before listing through offer-price revisions, deal-timing changes, or withdrawals. Aggarwal and Wu (2025) observe this preopening price-discovery

process directly in U.S. IPOs using Nasdaq IPO Cross and NOII data on order imbalances and indicative prices. The Chinese setting tightens both margins: administrative pricing rules constrain offer-stage adjustment (Tian (2011), Chen et al. (2018), Qian et al. (2024)), while approval frictions and listing restrictions constrain the issuance process (Lee et al. (2023)). China has opening auctions, with no comparable public IPO-specific preopening imbalance or indicative-price data. In China, the observable offer-to-open and open-to-close returns provide the price path used to locate where the SPI × Below 3,000 relation first appears. If the offer price already reflects weak-state pressure, the first-day price path should add little. When the offer price adjusts only partially, the earliest observable place for the missing adjustment is the offer-to-open return.

2.3 Testable Implications

The first test links SPI to the baseline pricing outcome. Because households evaluate new risky claims against both aggregate stress and their own surplus resources, the same aggregate condition need not have the same pricing relevance across market states. The below-3,000 classifier identifies the salient weak-market state in which SPI should be most likely to matter for IPO pricing.

Hypothesis 1 (initial-return relation). The association between SPI and IPO initial returns is more positive in below-3,000 months than in other months.

The price-location test asks where this state-dependent adjustment enters the first-day price path. When the offer price reflects weak-state pressure only partially, the first observable place for the remaining adjustment is the offer-to-open return.

Hypothesis 2 (price location). The SPI × Below 3,000 relation in IPO initial returns is stronger in the offer-to-open return than in the open-to-close return.

The issuance-side test concerns IPO supply scarcity in weak-market states. When the secondary market is weak and household pressure is high, large IPO issuance would spread investor demand across more offerings and make attractive first-day returns harder to sustain. China’s approval, subscription, and listing dates pass through a regulated pipeline, so the test focuses on monthly issuance-review activity.

Hypothesis 3 (issuance and regulatory-pipeline absorption). The association between SPI and IPO issuance-review activity is weaker in below-3,000 months relative to other months. Offer-stage valuations, benchmark clustering, and offer-to-listing delays are secondary checks because they are observed only for IPOs that reach the offer stage.

The U.S. benchmark follows from cross-market flexibility. U.S. issuers and underwriters have greater scope to revise offer terms, delay offerings, or withdraw deals before listing. A more flexible primary market gives issuers and underwriters more room to absorb aggregate pressure before the opening price is set.

Hypothesis 4 (U.S. external benchmark). The analogous SPI × bear-market interaction in U.S. IPO initial returns is smaller in magnitude than the China SPI × Below 3,000 initial-return relation.

Section 5 tests the initial-return and price-location predictions, Section 6 tests issuance-review activity and public offer-stage indicators, Section 7 reports price-limit-rule evidence, and Section 8 provides the U.S. benchmark.

3 Institutional Setting, SPI Construction, and Data

3.1 Institutional Setting and State Classification

Chinese IPO regulation operates at three points that matter for this paper. At the offer stage, regulatory pricing rules limit the scope for offer-price adjustment and affect underpricing (Tian

(2011), Cheung, Ouyang, and Tan (2009)). Chen et al. (2018) study the shift of IPO offer-pricing power from securities regulators to market participants and show that pricing authority affects issuer incentives. Qian et al. (2024) show how Chinese IPO pricing and trading restrictions, including salient valuation benchmarks, shape short-run IPO payoffs. Before listing, IPO candidates pass through a regulatory pipeline of review, approval, queueing, subscription, and listing; approval frictions and listing restrictions affect timing and issuance activity (Lee, Qu, and Shen (2023)). After listing, early trading rules differ by board and reform period. Pre-registration-reform Main Board and ChiNext IPOs trade under first-day order-price restrictions and temporary-suspension rules, followed by regular daily price limits. STAR IPOs and post-registration-reform Main Board and ChiNext IPOs have no daily price limit during the first five trading days. Registration-reform studies link these changes to information environments, market-manipulation incentives, and pricing efficiency (Chen, Jiang, Liu, Liu, and Wu (2025), Deng et al. (2025)).

Table 1 reports IPOs by listing segment and registration-reform status. Main Board and ChiNext both have pre- and post-registration-reform observations, while STAR was created as a registration-system segment. STAR’s first listings began on July 22, 2019. ChiNext switched to registration-based issuance on August 24, 2020, and the Main Board registration reform starts on April 10, 2023. These listing-segment/regime categories bundle segment, rule regime, issuer composition, and calendar time. The empirical tests use these categories to describe regime heterogeneity; standalone reform effects remain outside the design.

Table 1. Institutional Rule Cells, Initial Aftermarket Latitude, and Sample Coverage

Listing segment and regime	Listing dates in sample	Offer-pricing regime	Initial trading rule	First-five-day no-limit status	N
Main Board before registration reform	Before Apr. 10, 2023	Approval system; legacy 23-times P/E benchmark salient	First-day order-price restrictions and regular daily price limits	No	1,205
Main Board after registration	From Apr. 10,	Registration-based issuance	No daily price limit	Yes	76

Listing segment and regime	Listing dates in sample	Offer-pricing regime	Initial trading rule	First-five-day no-limit status	N
reform	2023		during first five trading days; 10% daily limit after		
ChiNext before registration reform	Before Aug. 24, 2020	Approval system; legacy valuation benchmark relevant	First-day order-price restrictions and regular daily price limits	No	476
ChiNext after registration reform	From Aug. 24, 2020	Registration-based issuance	No daily price limit during first five trading days; 20% daily limit after	Yes	459
STAR	From Jul. 22, 2019	Registration-based issuance from launch	No daily price limit during first five trading days; 20% daily limit after	Yes	528

Notes: The table summarizes the listing-regime groups used in the China tests. STAR IPOs, ChiNext IPOs after the registration reform, and Main Board IPOs after the registration reform have no daily price limit during the first five trading days; these groups form the no-limit category used in the price-limit-rule tests. N is the number of IPOs in the full-control China pricing sample.

The weak-market state is measured with a monthly indicator for whether the Shanghai Composite Index is below 3,000 in the listing month. The 3,000 level is widely reported in Chinese financial media and market commentary as a weak-market reference region. Below 3,000 equals one when the listing-month SHCOMP is below 3,000 and zero otherwise. The Internet Appendix evaluates the classifier through local composition checks, density checks, lead and predetermined-state tests, nearby classifier choices, and the 2,900-3,000 neighborhood diagnostics. These diagnostics support a salience-based interpretation of the 3,000-point state classification.

3.2 SPI Construction

The Social Pressure Index (SPI) is a monthly state variable that measures the standardized pressure block net of the state-dependent household-surplus buffer. The pressure block combines observable adverse aggregate conditions: macroeconomic weakness, labor-market strain, public-finance stress, household balance-sheet fragility, policy and geopolitical uncertainty, and weak market mood. The household-surplus buffer measures household resources available to absorb risk, so SPI is high when the pressure block is large relative to those resources. Internet

Appendix Table IA.1 lists each input, transformation, sign, and weight.

Let $z_c(\cdot)$ denote full-sample standardization within the relevant country. For each pressure input $x_{j,t}$, the sign is chosen so that higher values indicate greater pressure. Let J_t denote the set of available pressure inputs in $month_t$. The raw pressure block is the weighted observed-input mean,

$$P_{raw,t} = \frac{\sum_{j \in J_t} w_j \, z(x_{j,t})}{\sum_{j \in J_t} w_j}$$

The empirical pressure block is $P_t = z(P_{raw,t})$. The PMI inputs use downside coding around the neutral 50 threshold: $\max(0, 50 - localPMI)$, so expansion readings above 50 add no pressure. This coding matches the pressure-block interpretation: contractionary PMI readings are adverse signals, and salient adverse information can be overweighted in subjective judgments (Tversky and Kahneman (1973)). The relative PMI inputs are $\max\left(0, -\log\left(\frac{localPMI}{globalPMI}\right)\right)$, defined separately for manufacturing and services, and receive weight 0.25 to keep the combined PMI terms from receiving disproportionate influence; Internet Appendix Table IA.2 varies this weight from 0.10 to 1.00.

The household-surplus buffer has two alternatives. The marginal-utility buffer, U_t, is contemporaneous standardized household surplus, which proxies for resources available to absorb risky claims in the current month. The expected-surplus buffer, E_t, is smoothed lagged household surplus, computed with a short-window EWMA filter and used to capture persistent risk-bearing capacity. Internet Appendix Table IA.2 reports robustness to alternative expectation-smoothing choices.

The preferred buffer switches with the pressure block:

$$B_t = \begin{cases} U_t \ for & P_t > 0 \\ E_t \ for & P_t \leq 0 \end{cases}$$

Because P_t is standardized, $P_t > 0$ corresponds to pressure above the country mean. When the pressure block is above this mean, current household surplus is the relevant marginal-utility buffer. When the pressure block is below this mean, expected surplus better captures persistent risk-bearing capacity. The switch is applied before the buffer is subtracted. The SPI is:

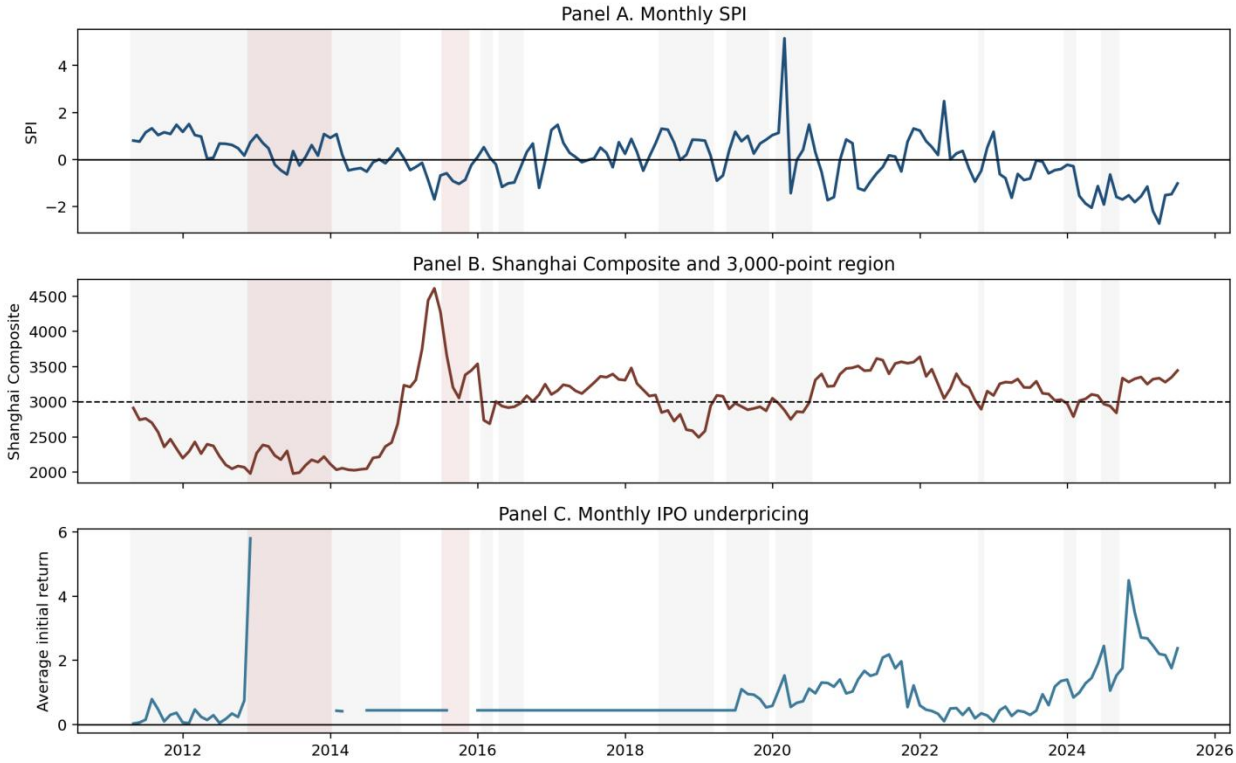
$$SPI_t = z(P_t - B_t)$$

All SPI inputs are monthly macroeconomic or household variables, and no IPO pricing, issuance, or return outcome enters the index. The preferred EWMA uses α=2/7, equivalent to a six-month smoothing span; Internet Appendix Table IA.2 varies α from 0.10 to 0.50. Internet Appendix Tables IA.3-IA.7 report benchmark-state comparisons, orthogonalized and simplified SPI variants, expanding-standardization and holdout-calibration checks, continuous-region diagnostics, and household-survey validation.

Figure 1 plots the monthly SPI, the Shanghai Composite relative to the 3,000-point region, and average IPO initial returns over time. The figure shows how the pressure-block state variable, the weak-market classifier, and IPO underpricing vary over the sample period before the paper turns to regression tests.

Figure 1. China SPI, the 3,000-Point Region, and IPO Underpricing Over Time

Figure 1. China SPI, the 3,000-Point Region, and IPO Underpricing Over Time



Notes: Panel A plots monthly SPI. Panel B plots the Shanghai Composite Index with the 3,000-point reference line. Panel C plots the average monthly IPO initial return. Gray shading marks below-3,000 months; red shading marks documented IPO freeze periods.

3.3 China IPO Sample and Price-Path Variables

The China IPO sample is drawn from Choice Data and Wind. These sources provide offer prices, opening prices, closing prices, issue characteristics, allocation variables, valuation measures, inquiry-stage quotation variables, board classifications, and issuance-review information. The sample starts after the November 2010 second-stage issuance reform, which changed the inquiry and pricing environment for new issues. Listings in late 2010 and early 2011 can still reflect deals prepared under pre-reform pipelines; November 2010 through March 2011 is treated as a transition window. The first included listing date is April 7, 2011, after the first full post-reform quarter has passed. The sample ends on June 26, 2025.

Sample size varies with control availability. The full China sample contains 3,437 IPOs.

Adding relative offer valuation leaves 3,335 IPOs. Adding the two inquiry-stage quotation controls leaves the full-control sample of 2,744 IPOs. The freeze-exclusion specification used later in the paper removes IPOs issued during documented freeze months and the following six months, leaving 2,629 observations. Internet Appendix Table IA.9 reports sample construction, control availability, and stock-code-prefix checks. Beijing Stock Exchange (BSE) and other-prefix IPOs appear only outside the full-control sample and are reported in the appendix sample-construction checks.

The primary outcome is the IPO initial return. The paper reports conventional winsorized initial returns, with returns winsorized at the 1st and 99th percentiles, and log first-day returns. For price-location tests, Offer, Open, and Close denote the offer price, first-day opening auction price, and first-day closing price. The two log intervals satisfy the identity:

$$ln(Close/Offer) = ln(Open/Offer) + ln(Close/Open)$$

The main price-location outcomes are ln(Open/Offer) and ln(Close/Open). Barry and Jennings (1993) motivate separating the opening transaction from later first-day trading in IPOs. The main location test uses the within-day offer-to-open and open-to-close split.

3.4 China Issuance Pipeline and Offer-Stage Variables

The supply-side tests use a monthly panel with four quantities: IPO listings, review meetings, approvals, and public queue stock. IPO listings count deals that begin trading in month t. Review meetings and approvals measure regulatory throughput before listing. Queue stock measures the backlog in the public IPO queue. Each monthly observation pairs these four quantities with SPI_t and the Below 3,000 indicator measured in the same month. The variables show whether the regulatory pipeline expands, contracts, or stalls as social pressure changes across weak-market and other months.

After a firm clears review or registration and enters the public offering process, the data

reveal offer-price, quotation, subscription, and allocation variables. Relative offer valuation, proximity to the legacy 23-times P/E benchmark, and offer-to-listing days are supporting outcomes: they describe pricing and timing during this offering stage. The IPO-level regressions for initial returns, ln(Open/Offer), and ln(Close/Open) include controls for valuation, online allocation, retail demand, quotation-stage activity, issue size, offer price, requested market value, and subscription limits. Because these variables are observed only for firms that reach the public offering stage, they describe surviving offers and can reflect selection from earlier review stages. The monthly pipeline quantities provide the main evidence on supply-side scarcity, and the offer-stage variables describe how surviving deals are priced and timed.

3.5 U.S. Benchmark Variables

The U.S. benchmark sample combines primary-market IPO information with CRSP returns. The U.S. sample contains 3,169 listings from April 8, 2011, to June 30, 2025, of which 2,700 have the offer-price and return data needed for the underpricing regressions. U.S. specifications construct SPI with the same pressure-block net of household-surplus-buffer procedure, using the U.S. inputs listed in Internet Appendix Table IA.1. The U.S. bear-market indicator equals one when the month-end S&P 500 close is below its 10-month moving average, the monthly analogue of the long-horizon moving-average rule studied in technical-trading research (Brock, Lakonishok, and LeBaron (1992)). Internet Appendix Table IA.24 repeats the U.S. return tests with S&P 500, Nasdaq, and Dow Jones 200-day moving-average definitions, and Internet Appendix Table IA.26 reports the corresponding U.S. IPO-count supply checks. For supply-side comparisons, the U.S. data provide monthly IPO counts from CRSP but lack review-meeting, approval, and queue-stock measures comparable to China. The comparison provides an external benchmark for scale and interpretation.

4. Empirical Specifications

The empirical design has four linked pieces. IPO-level price regressions estimate whether the SPI-pricing slope changes in below-3,000 months and where that relation enters the first-day price path. Monthly pipeline regressions measure issuance-review quantities. Deal-level offer-stage regressions examine pricing and timing among firms that reach the public offering process. Price-limit-rule regressions compare the price-location relation across Chinese listing-regime settings, and U.S. benchmark regressions compare it against a more flexible IPO market.

4.1 IPO-Level Price-Path Regressions

For IPO i listed in month t, the baseline China specification is:

$$Y_{i,t} = \alpha + \beta SPI_t + \gamma Below3000_t + \delta(SPI_t \times Below3000_t) + X_i'\theta + FE_{segment(i),year(t)} + \epsilon_{i,t} \quad (1)$$

The dependent variable is one of five return measures. The main initial-return measures are the winsorized conventional IPO initial return, $Close/Offer - 1$, and the log first-day return, $\ln(Close/Offer)$. For the price-location tests, the log first-day return is split into the offer-to-open return, $\ln(Open/Offer)$, and the open-to-close return, $\ln(Close/Open)$. The appendix also reports $\ln(1 + IR)$ as a distributional check, with IR floored at -95% so the log transformation remains defined.

$Below3000_t$ equals one when the Shanghai Composite is below 3,000 in the IPO's listing month. The coefficient δ compares the SPI slope in below-3,000 months with the SPI slope in other months, conditional on the controls and fixed effects. A positive δ means that the SPI-pricing relation is stronger below 3,000. The SPI slope in below-3,000 months is $\beta + \delta$. The estimates are interpreted as descriptive conditional pricing relations.

The baseline control vector X_i follows IPO underpricing work that links offer valuation,

issue size, offer price, pre-listing demand, and allocation to initial returns (Beatty and Ritter (1986), Ritter and Welch (2002)). It contains nine IPO-level controls: $\ln(RelPE)$, Online Share, Retail Demand, $\ln(1+QuoteMultiple)$, $\ln(1+QuoteFirms)$, $\ln(1+IssueSize)$, $\ln(OfferPrice)$, $\ln(1+ReqMV)$, and $\ln(1+SubLimit)$. Several controls are observed during the public offering process and can partly absorb the SPI-pricing relation if pre-listing pressure has already entered offer-stage decisions (Hanley (1993), Edelen and Kadlec (2005)). Nested specifications use the first five controls, add issue size, or remove the two quotation-stage controls while keeping the remaining seven controls. These estimates show the sensitivity of δ to controls that may mediate offer-stage adjustment.

For the price-location test, the first-day log return decomposes exactly as:

$$\ln(Close/Offer) = \ln(Open/Offer) + \ln(Close/Open) \quad (2)$$

Estimating equation (1) separately for $\ln(Open/Offer)$ and $\ln(Close/Open)$ locates the state-dependent relation within the first trading day. A coefficient on $\ln(Open/Offer)$ places the relation at the opening auction price. A coefficient on $\ln(Close/Open)$ places it during continuous trading after the opening price has been set.

The main timing checks rebuild the price-path sample with daily state variables. These specifications replace the listing-month weak-state indicator with the prior-listing-day below-3,000 indicator and use lagged monthly SPI. Additional rows subtract the market return or value-weighted industry return accumulated from offer pricing to listing from $\ln(Open/Offer)$. An inverse-IPO-count month weight gives each listing month equal influence in the weighted check.

Additional robustness checks address classifier choice, price-level location, and timing direction. The continuous-classifier check replaces the binary below-3,000 indicator with the

signed distance from 3,000. The price-level check estimates equation (1) on $\ln(Offer)$ and $\ln(Close)$ separately: a relation already present at the offer stage should appear in $\ln(Offer)$, while a relation first incorporated at secondary-market clearing should appear in $\ln(Close)$ but remain small in $\ln(Offer)$. Lead-state specifications using SPI in $t+1$ and $t+2$, together with predetermined-state specifications such as $SPI_{t-1} \times Below3000_{t-1}$, address anticipatory-adjustment and reverse-causality concerns. A medium-horizon check uses the Deng and Zhou (2016) MR/IMR decomposition as ancillary evidence on whether the opening-gap relation persists or reverses over the early aftermarket window.

Because SPI and Below 3,000 vary at monthly frequency, IPO-level standard errors are clustered by listing month, following Petersen (2009). Wild-cluster bootstrap p-values use month clusters and 999 repetitions for the core IPO-level specifications (Cameron, Gelbach, and Miller (2008), MacKinnon and Webb (2017)). Internet Appendix Table IA.8 reports equal-month and monthly collapsed versions of the opening-gap decomposition.

4.2 Issuance Pipeline and Offer-Stage Specifications

The monthly quantity tests use the same state-dependent slope design at the month level. For monthly quantity Q_t, the specification is:

$$Q_t = \alpha + \beta SPI_t + \gamma Below3000_t + \delta_Q(SPI_t \times Below3000_t) + u_t \quad (3)$$

Q_t is alternatively $\ln(1 + IPO\ listings)$, $\ln(1 + review\ meetings)$, $\ln(1 + best-available\ approval\ count)$, or $\ln(1 + public-window\ queue\ stock)$. IPO listings count deals that begin trading in month t. Review meetings and approvals measure upstream regulatory throughput before listing. Queue stock measures the backlog of firms in the public IPO queue. The coefficient δ_Q measures how the SPI-quantity slope changes in below-3,000 months. The IPO-count row is estimated on a month-indexed listing-count panel with one observation per

month, so month-clustered inference reduces to heteroskedasticity-robust monthly inference up to finite-sample scaling. The regulatory-pipeline rows use monthly OLS with HC1 robust covariance; Internet Appendix Table IA.22A reports HAC/Newey-West inference for these monthly rows.

Public offer-stage outcomes use deal-level regressions with timing tied to offer pricing. The estimated form is

$$Z_i = \alpha + \beta SPI_{t-1} + \gamma Below3000_{i,-1}^{pricing} + \delta_O(SPI_{t-1} \times Below3000_{i,-1}^{pricing}) + W_i'\kappa + FE_{segment(i),year(t)} + \nu_i \quad (4)$$

Z_i is $\ln(OfferPE)$, $\ln(OfferPE/industryPE)$, an indicator for pricing in the legacy 23-times P/E benchmark region, or offer-to-listing days. SPI_{t-1} is lagged monthly SPI. $Below3000_{i,-1}^{pricing}$ is measured on the trading day immediately before offer pricing. W_i contains issue-design controls determined at or before offer pricing: $\ln(1 + IssueSize)$, $\ln(1 + ReqMV)$, and $\ln(1 + SubLimit)$, excluding the outcome variable when relevant. Because Z_i is observed only for IPOs that clear review or registration and reach public offering, equation (4) describes surviving offers and can reflect selection from earlier pipeline stages. Monthly pipeline quantities carry the primary supply-side evidence; equation (4) provides weaker support from firms that have already reached the public offering process.

4.3 Price-Limit-Rule Specifications

China's listing rules create a split in how much IPO prices can move at the start of trading. Legacy Main Board and pre-registration-reform ChiNext IPOs trade under daily price limits from listing, whereas STAR, post-registration-reform ChiNext, and post-registration-reform Main Board IPOs have no daily price limit during the first five trading days. If the SPI × Below 3,000 pricing relation is located at the opening price, it should be easier to observe in the no-limit

group, where the opening price has more room to adjust. The regression compares those IPOs by interacting SPI × Below 3,000 with $NoDailyLimit_i$, an indicator for STAR, post-registration-reform ChiNext, and post-registration-reform Main Board IPOs. Following China IPO reform studies, the no-limit split is interpreted as a bundled institutional comparison because it combines listing segment, rule regime, issuer composition, and calendar time (Chen et al. (2025), Deng et al. (2025)).

$$Y_{i,t} = \alpha + \lambda(SPI_t \times Below3000_t \times NoDailyLimit_i) + lower - orderterms + X_i'\theta + FE_t^{month} + FE_{segment(i),year(t)} + \epsilon_{i,t} \quad (5)$$

Month fixed effects absorb SPI_t, $Below3000_t$, and $SPI_t \times Below3000_t$ because they vary only by month. With month fixed effects, the lower-order terms consist of $NoDailyLimit_i$ and its identified interactions with SPI_t and $Below3000_t$. The coefficient λ is identified from within-month variation across IPOs listed under different first-five-day daily price-limit rules. The daily-timing sample is the IPO-level sample with reconstructed prior-trading-day state variables, offer-pricing dates, listing dates, and market or industry returns between pricing and listing. These regressions use the baseline IPO controls and interval controls for offer-to-listing calendar days, pricing-to-listing trading days, and the standard deviation of daily broad-market returns over the pricing-to-listing interval. The reported outcomes are $\ln(Open/Offer)$, market-adjusted $\ln(Open/Offer)$, and $\ln(Close/Open)$.

4.4 U.S. Benchmark Specifications

The U.S. benchmark constructs U.S. SPI with the same pressure block and household-surplus buffer and replaces Below 3,000 with a U.S. bear-market indicator. The U.S. benchmark is a scale comparison for the SPI-state pricing slope in a more flexible IPO market; China-specific issuance-review mechanisms are evaluated in the China tests. The IPO-level benchmark specification is:

$$Y_{i,t}^{US} = \alpha + \beta_{US} SPI_t^{US} + \gamma_{US} Bear_t + \delta_{US}(SPI_t^{US} \times Bear_t) + \epsilon_{i,t}^{US} \quad (6)$$

Beart equals one when the month-end S&P 500 close is below its 10-month moving average. This moving-average classifier follows the technical-rule tradition in Brock et al. (1992) and provides a monthly U.S. analogue to the below-3,000 weak-market state used in China. The U.S. return variables are conventional IPO underpricing and the corresponding log return for IPOs with offer-price and return data. Standard errors are clustered by listing month. The benchmark uses the baseline U.S. bear-state regression without China-style offer-stage controls or listing-segment fixed effects; the appendix reports a harmonized no-control China comparison and formal China-U.S. interaction-difference tests. Robustness checks replace the 10-month bear-market indicator with S&P 500, Nasdaq, and Dow Jones 200-day moving-average definitions. For supply-side comparisons, the U.S. data provide ln(1+monthly IPO count), so the U.S. pipeline comparison is limited to IPO-count specifications. The benchmark supplies scale and interpretation for a market with greater pre-listing flexibility.

5 First-Day Price Path and the Opening Gap

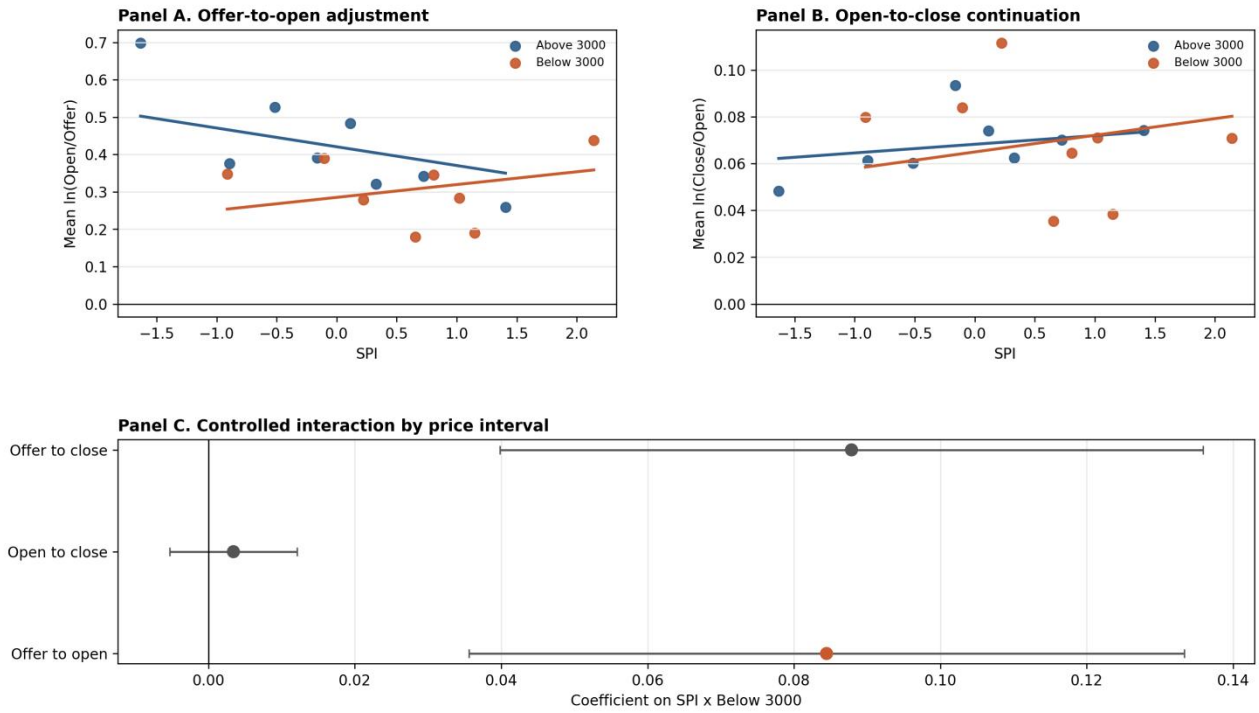
This section tests Hypotheses 1 and 2. Hypothesis 1 asks whether SPI is more strongly associated with IPO first-day returns when the Shanghai Composite trades below 3,000. Hypothesis 2 asks where that incremental relation appears within the first trading day: in the offer-to-open interval that ends at the opening auction, or in the open-to-close interval that follows.

5.1 Baseline Price-Path Estimates

Figure 2 summarizes the first-day split. Panels A and B sort IPOs into SPI bins and plot average outcomes separately for above-3,000 and below-3,000 months. In the offer-to-open interval, the below-3,000 line slopes upward, while the above-3,000 line slopes downward. In the

open-to-close interval, the two lines are nearly flat and close to each other. Panel C reports the corresponding SPI × Below 3,000 estimates with 95% confidence intervals. The figure previews the main finding: the weak-market SPI relation is visible at the opening price, with little movement from open to close.

Figure 2. First-Day IPO Price Path Above and Below 3,000



Notes: Panels A and B sort China IPOs into SPI bins and plot average ln(Open/Offer) and ln(Close/Open) within each bin, separately for above-3,000 and below-3,000 months. The fitted lines use the coefficients reported in Table 2. For each interval, the above-3,000 slope is the SPI coefficient and the below-3,000 slope is the SPI coefficient plus the SPI × Below 3,000 coefficient. Panel C reports the SPI × Below 3,000 coefficient for each first-day price interval with 95% confidence intervals.

Table 2 reports the regression estimates. Panel A supports the first pricing prediction. When the Shanghai Composite is below 3,000, the link between SPI and first-day IPO returns is stronger than in other months: a one-standard-deviation increase in SPI is associated with about 23 percentage points higher winsorized initial return (interaction coefficient 0.230, t = 3.62; wild-cluster p = 0.042). The log-return specification gives a smaller but precise estimate of 0.088 log points, about 9.2% in simple-return terms (t = 3.59), reflecting the log transformation’ s

stronger compression of large positive initial returns. To put these return effects in issuance-size terms, Internet Appendix Table IA.15 scales the coefficients by IPO proceeds and reports the corresponding proceeds-level magnitudes.

Because SPI subtracts a household-surplus buffer from the raw pressure block (Section 3.2), the pricing result could in principle come from the buffer switch instead of pressure itself. The pressure-only specification re-estimates equation (1) with the pressure block alone, without subtracting the buffer. It produces an interaction of 0.212 (t = 4.10), close to the baseline coefficient of 0.230. The check shows that the result survives removal of the household-surplus buffer; the full SPI remains the headline measure because the paper studies pressure relative to household risk-bearing capacity. The signed-distance check asks whether the result depends on drawing a hard line at 3,000. It replaces the binary indicator with (SHCOMP - 3,000)/1,000 and gives -0.173 (t = -1.70), so the SPI-initial-return slope rises as the index falls farther below the 3,000 region. This check is weaker under wild-cluster inference, so the market-salience indicator remains the main state classification. Internet Appendix Table IA.4 shows that the pressure-only and expanding-standardized SPI versions keep the interaction positive, and reports wild-cluster inference for the core estimates. Internet Appendix Table IA.6 varies the 3,000 classifier through continuous-distance and holdout-calibrated specifications; the estimates are weaker, but they continue to place the relation in the weak-market region and in ln(Open/Offer), not ln(Close/Open).

Panel B tests Hypothesis 2 by locating the relation within the first-day price path. The total first-day log-return coefficient is 0.088 (t = 3.59). That total is almost the same as the offer-to-open coefficient, 0.084 (t = 3.39), while the open-to-close coefficient is only 0.003 (t = 0.77). In simple-return terms, the offer-to-open coefficient is about 8.8%, compared with about

0.3% from open to close. The near-zero open-to-close coefficient places the incremental SPI relation at the opening auction price, not during the open-to-close interval that follows. This location matches the role of opening auctions in aggregating preopening interest into a clearing price (Biais, Hillion, and Spatt (1999), Madhavan and Panchapagesan (2000)), and Aggarwal and Wu (2025) document the IPO preopening analogue in U.S. data. Because China lacks comparable public IPO-specific preopening order-flow data, the offer-to-open return is the observed interval where that first secondary-market adjustment can be measured. Internet Appendix Table IA.2 checks price levels directly: the interaction is small in ln(Offer), pointing against the view that the relation is already in the fixed offer price; it appears in ln(Close), after the opening price is observed.

Following evidence that overnight price movements can reverse during trading (Akbas, Boehmer, Jiang, and Koch (2022)), the open-to-close interval and later aftermarket returns check whether the offer-to-open relation is quickly reversed. If the opening auction price overshoots, returns from the opening price to the first-day close should move negatively with SPI × Below 3,000. Table 2 instead reports 0.003 (t = 0.77) for ln(Close/Open). This near-zero estimate points against an inflated-opening-price interpretation. Internet Appendix Figure IA.4 follows early aftermarket prices and shows that the SPI × Below 3,000 coefficient remains positive from the offer price to day 3, day 5, and day 20: 0.091, 0.080, and 0.107. The offer-to-open response is therefore not quickly undone after listing. Internet Appendix Table IA.16 applies the Deng and Zhou (2016) MR/IMR decomposition. The MR and IMR estimates are imprecise, so the decomposition does not pin down whether the relation is persistent or transitory, but it also does not support a clean post-opening reversal. Ratio-return variants lead to the same interpretation.

Panel C examines whether controls measured during the offer process absorb part of the

pricing relation. The coefficient remains positive when the control set is made smaller (0.249, t = 3.42), when issue size is added separately (0.225, t = 3.28), and when the two quotation-stage controls are removed (0.207, t = 3.70). The full baseline set, listed in the table note, gives 0.230 (t = 3.62). This comparison matters because online allocation, retail demand, and quotation-stage activity are observed during the public offering process and can absorb part of pre-listing adjustment (Hanley (1993), Edelen and Kadlec (2005)). Dropping quote multiple and quote firms leaves the coefficient positive, so the result survives removal of those offer-stage controls.

The offer-to-open relation also appears when the month is the unit of comparison. In Internet Appendix Table IA.8, the equal-month weighted estimate is 0.079 (t = 2.57) for ln(Open/Offer), while the corresponding ln(Close/Open) estimate is 0.007 (t = 1.25). In monthly-average regressions, the estimate is 0.140 (t = 3.17) for ln(Open/Offer) and -0.005 (t = -0.81) for ln(Close/Open). The offer-to-open estimate does not depend on giving greater weight to months with many IPO listings.

Table 2. Baseline Pricing, Day-One Decomposition, and Control-Set Robustness

Panel A. Pricing-level baseline

Spec.	Outcome	Interaction	Coef. (t)	Wild p	N	Adj. R2
Preferred binary baseline	IR_w	SPI × Below 3,000	0.230*** (3.62)	0.042	2,744	0.551
Distributional check	ln(1+IR)	SPI × Below 3,000	0.088*** (3.59)	0.022	2,744	0.599
Pressure-only index	IR_w	Pressure-only × Below 3,000	0.212*** (4.10)	0.047	2,744	0.548
Continuous region check	IR_w	SPI × Distance to 3,000	-0.173* (-1.70)	0.203	2,744	0.547

Panel B. Within-day decomposition

Component/Spec.	Outcome	Interaction	Coef. (t)	Wild p	N	Adj. R2
Offer to open	ln(Open/Offer)	SPI × Below 3,000	0.084*** (3.39)	0.042	2,744	0.651
Open to close	ln(Close/Open)	SPI × Below 3,000	0.003 (0.77)	0.498	2,744	0.260

Component/Spec.	Outcome	Interaction	Coef. (t)	Wild p	N	Adj. R2
Offer to close (total)	ln(Close/Offer)	SPI × Below 3,000	0.088*** (3.59)	0.036	2,744	0.599

Panel C. IPO control-set robustness

Component/Spec.	Outcome	Interaction	Coef. (t)	Wild p	N	Adj. R2
Parsimonious IPO controls	IR_w	SPI × Below 3,000	0.249*** (3.42)	-	2,744	0.482
+ Issue size	IR_w	SPI × Below 3,000	0.225*** (3.28)	-	2,744	0.531
7 controls, no quote-stage variables	IR_w	SPI × Below 3,000	0.207*** (3.70)	-	3,335	0.513
Preferred 9-control specification	IR_w	SPI × Below 3,000	0.230*** (3.62)	-	2,744	0.551

Notes: Panel A reports baseline pricing specifications. Panel B reports the SPI × Below 3,000 coefficient for each price-path component; offer-to-close is the total of the offer-to-open and open-to-close components. Panel C reports nested IPO-level control specifications for winsorized underpricing; the seven-control specification excludes quotation-stage variables. All specifications include listing-segment-by-year fixed effects. The full control set includes relative offer valuation, online allocation, retail demand, quotation activity, issue size, offer price, required market value, and subscription limit. Coefficients are reported with t-statistics in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels using listing-month clustered t-statistics. Wild-cluster p-values are reported separately as a small-cluster inference check.

5.2 Timing and Market-Adjustment Checks

Table 3 tests the timing of the market-state assignment. The baseline specification uses the listing-month state because SPI is monthly and the opening price is observed in that month. The table then makes the timing more conservative in two steps. It first keeps the listing-month state but restricts the sample to IPOs with the daily data needed for the stricter timing tests. It then moves the weak-market indicator to the trading day before listing, lags SPI by one month, and adjusts the offer-to-open return for market or industry returns accumulated between offer pricing and listing.

Rows 1 and 2 check whether the opening-gap estimate changes simply because the timing tests require daily data. Row 1 keeps IPOs with daily SHCOMP data and all baseline IPO controls; the ln(Open/Offer) coefficient is 0.085 (t = 3.36). Row 2 uses the larger sample with daily SHCOMP data and the offer-to-listing variables needed for market-adjusted returns; the coefficient is 0.086 (t = 3.56). Both estimates are nearly identical to the Table 2 coefficient of 0.084, so moving to the daily-data samples does not change the opening-gap estimate.

To make the timing stricter, Below 3,000 is measured on the trading day before listing and

SPI is lagged by one month, so both state variables are observed before the IPO opening price. In this specification, the ln(Open/Offer) coefficient is 0.057 (t = 1.60). After subtracting the broad-market return from offer pricing to listing, the coefficient is 0.062 (t = 1.79). In the matched industry-return sample, the coefficient is 0.102 (t = 1.90), with the smaller sample reflecting industry-return availability. The estimates remain positive, but precision falls when Below 3,000 is measured before listing and the offer-to-open return is market- or industry-adjusted.

The open-to-close return shows no matching relation: in the prior-day-state, lagged-SPI specification its coefficient is -0.002 (t = -0.45), while the market-adjusted offer-to-open estimate stays positive at 0.071 (t = 2.22) under inverse-IPO-count month weights. Internet Appendix Table IA.13 confirms the same pattern — future-SPI lead interactions are near zero, while lagged-state interactions stay positive. The timing evidence continues to place the relation in the offer-to-open return, with little movement from open to close.

Table 3. Timing and Market-Adjustment Sensitivity

Spec.	State timing	Control/sample	Outcome	Coef. (t)	Wild p	N
Table 2 baseline, daily-data overlap	Listing month	Baseline IPO controls	ln(Open/Offer)	0.085*** (3.36)	0.040	2,704
Listing-month state, daily-timing sample	Listing month	Pre-listing and interval controls	ln(Open/Offer)	0.086*** (3.56)	0.029	3,080
Prior-day state and lagged SPI	Prior trading day; one-month lagged SPI	Pre-listing and interval controls	ln(Open/Offer)	0.057 (1.60)	0.163	3,059
Market-adjusted offer-to-open	Prior trading day; one-month lagged SPI	Pre-listing and interval controls	ln(Open/Offer) - market return	0.062* (1.79)	0.122	3,059
Industry-adjusted offer-to-open	Prior trading day; one-month lagged SPI	Pre-listing and interval controls	ln(Open/Offer) - industry return	0.102* (1.90)	0.121	655

Spec.	State timing	Control/sample	Outcome	Coef. (t)	Wild p	N
Open-to-close placebo	Prior trading day; one-month lagged SPI	Pre-listing and interval controls	ln(Close/Open)	-0.002 (-0.45)	0.664	3,059
Month-weighted offer-to-open	Prior trading day; one-month lagged SPI	Pre-listing and interval controls; month weights	Market-adjusted ln(Open/Offer)	0.071** (2.22)	--	3,059

Notes: Rows report the SPI × Below 3,000 coefficient for ln(Open/Offer), except for the open-to-close placebo row. Prior-day rows measure Below 3,000 on the trading day before listing and use one-month lagged SPI. Market- and industry-adjusted rows subtract the indicated offer-to-listing return. "Daily-data overlap" is the subsample with daily SHCOMP data and all baseline IPO controls. "Pre-listing and interval controls" adds variables needed for prior-day state assignment and offer-to-listing return adjustment. All specifications include listing-segment-by-year fixed effects. t-statistics are in parentheses and use month-clustered standard errors; wild-cluster p-values also use month clusters. The month-weighted WLS row reports clustered inference only.

Both pricing predictions hold. The SPI – initial-return relation is stronger below 3,000 and loads on the offer-to-open move, with the open-to-close response near zero in both economic and statistical terms. The stricter timing tests keep the offer-to-open relation positive—if less precise—when the weak-market state is dated before listing and offer-to-listing returns are netted out.

6 Issuance Pipeline, Offer-Stage Indicators, and the 3,000-Point Classifier

Section 6 tests Hypothesis 3, which predicts weaker issuance-side absorption when SPI is high in below-3,000 months. The section first examines monthly IPO listings, regulatory review activity, and the public IPO queue. It then studies public offer-stage indicators for IPOs that reach the offering process. The final part evaluates the ex-ante 3,000-point weak-market reference region and benchmarks SPI against standard macro-financial state variables.

6.1 Issuance and Regulatory-Pipeline Activity

Monthly IPO listings provide the first quantity margin in Table 4. In above-3,000 months, IPO listings expand strongly with SPI: about 40% per standard deviation (beta = 0.339, t = 4.33). In below-3,000 months, the response is much weaker, about 15% per standard deviation (beta + delta = 0.142). The slope-difference interaction is -0.197 (t = -2.19). Completed IPO volume still

rises with SPI below 3,000, but the response is less than half the above-3,000 slope. The listing margin therefore provides limited quantity absorption in high-SPI weak-market months.

Panel A re-estimates the pricing test after excluding documented freeze months and the six months following each freeze. The SPI x Below 3,000 coefficient is 0.255 (t = 4.24), compared with 0.230 (t = 3.62) in the full sample using the same controls and listing-segment-by-year fixed effects. The initial-return relation survives the freeze-window exclusion, showing that the result is broader than the documented freeze episodes.

In above-3,000 months, a one-standard-deviation increase in SPI goes with about 27% more review meetings, 32% more approvals, and 3% more public-window queue stock. Below 3,000 these responses largely vanish: review meetings turn flat, approvals rise only modestly, and the public queue contracts by roughly 25% (Table 4 Panel B). The SPI × Below 3,000 interaction is negative for all three—statistically precise for review meetings (−0.286, t = −2.48) and queue stock (−0.324, t = −2.04), negative but imprecise for approvals—and Internet Appendix Table IA.22A confirms the same pattern under Newey-West standard errors. Review throughput does not expand in high-SPI weak-market months, and the public IPO queue shrinks.

6.2 Public Offer-Stage Indicators

Public offer-stage indicators provide weaker, selected evidence on pre-listing adjustment among offers that reach the market. Table 5 Panel A studies these indicators after a firm clears review or registration and enters the public offering process. Their role is supporting: they ask whether surviving offers show signs of weaker pre-listing adjustment when SPI is high below 3,000.

Panel A gives supporting, lower-precision estimates. The interaction is -0.053 for ln(Offer PE), about 5% lower offer-stage P/E ratios (t = -1.68); -0.057 for relative offer valuation, about

6% lower (t = -1.69); 0.023 for the legacy 23-times P/E benchmark indicator, about 2.3 percentage points higher (t = 1.76); and 0.682 days for offer-to-listing days (t = 1.65). Wild-cluster p-values range from 0.096 to 0.233, so these estimates are weaker than the price-path and pipeline results. The 23-times benchmark row connects the evidence to China IPO pricing-rule work on valuation guidance and offer-stage constraints (Tian (2011), Chen et al. (2018), Qian et al. (2024)). The offer-stage results therefore corroborate the limited pre-listing absorption interpretation, with weaker inferential weight than the price-path and pipeline evidence.

6.3 The 3,000-Point Classifier and Benchmark State Variables

The 3,000-point region enters the paper as an ex-ante weak-market reference from Chinese market commentary, as described in Sections 2 and 3. The diagnostics in Table 4 Panels C-D and Figure 3 ask whether the data behave consistently with that market-salience interpretation; they use 3,000 as a pre-specified reference point. Panel C examines IPO characteristics in a +/-200-point neighborhood around 3,000. The local-balance estimates are imprecise across all four characteristics, even where point estimates are economically nontrivial. Every t-statistic is below one in absolute value. Internet Appendix Table IA.10 extends the balance check to additional local and monthly composition measures, and the extended differences are also statistically weak. These checks make observable composition around 3,000 a weak explanation for the pricing relation, while the main classifier evidence comes from the timing and threshold-scan tests.

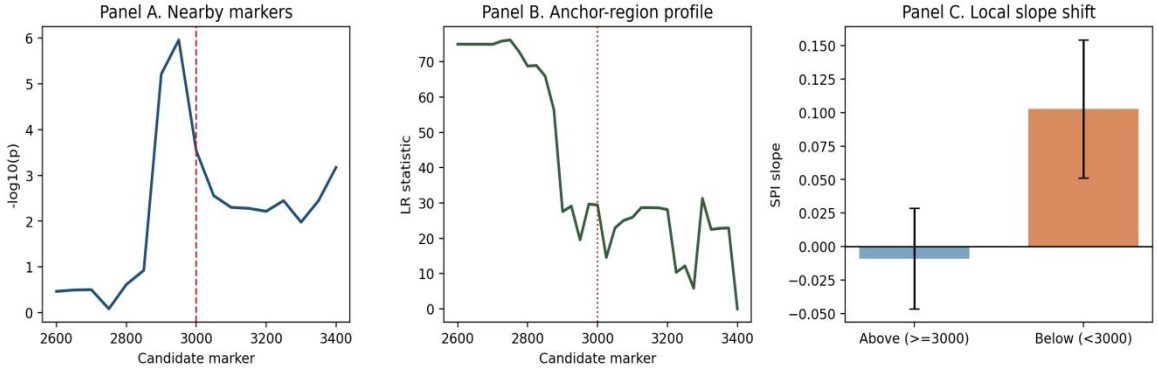
Panel D tests whether future SPI or alternative timing rules can reproduce the pricing relation. The one-month lead interaction is -0.022 (t = -0.18), while the current interaction in the same specification remains positive at 0.278 (t = 2.48). The two-month lead interaction is

negative and statistically precise, -0.206 (t = -2.41), even though current SPI and the current SPI × Below 3,000 interaction remain in that regression. If forward-looking anticipation drove the contemporaneous interaction, the lead interaction should carry the same sign. It carries the opposite sign, which points away from a same-direction anticipatory channel and is consistent with short-horizon SPI mean reversion. Predetermined timing checks remain positive: SPI(t-1) × Below 3,000 is 0.205 (t = 2.19), SPI × Below 3,000(t-1) is 0.300 (t = 2.55), and SPI(t-1) × Below 3,000(t-1) is 0.278 (t = 2.90). Internet Appendix Table IA.13 adds freeze/tightening exclusions, lead placebos, and lagged-timing checks; those specifications preserve the same timing interpretation.

Figure 3 places the strongest pricing evidence around the 3,000-point region. In Panel A, candidate thresholds near 2,950-3,000 generate the largest SPI × Below-threshold coefficients. Panel B puts the best residual fit in the same neighborhood, and Panel C displays a local SPI-slope shift around 3,000. The figure ties the pricing relation to the same weak-market region that Chinese market commentary treats as salient.

The appendix reaches the same conclusion from wider and more mechanical checks. Internet Appendix Figure IA.1 extends the classifier-value scan and again places the largest estimates around 2,950-3,000. Internet Appendix Table IA.12 shows that nearby cutoffs, especially 2,900 and 2,950, produce similar positive estimates. Internet Appendix Figure IA.2 shows no statistically significant monthly density jump around 3,000, and Internet Appendix Table IA.14 and Figure IA.3 show no isolated one-month spike exactly at crossing months. Combined with the local-balance and timing checks, these results support treating 3,000 as a pre-existing weak-market reference from Chinese market commentary, not as a threshold chosen from the IPO regressions.

Figure 3. Support for the 3,000-Region State Classifier



Notes: Panel A reports the classifier-value scan across nearby candidate market levels. Panel B shows how model fit changes as the classifier threshold moves across candidate SHCOMP levels, following a Hansen (2000)-style grid comparison. Panel C reports the local SPI slope above and below 3,000 in a +/-200-point neighborhood, with 95% confidence intervals. The figure is interpreted as descriptive support for the 3,000-point region as a salient weak-market classifier.

Panel B of Table 5 compares SPI with five standard macro-financial state variables in the China pricing regression: Baker-Wurgler sentiment, policy uncertainty, geopolitical risk, China-U.S. uncertainty, and the standardized SSE 50 volatility series. With all five included, the SPI × Below 3,000 coefficient is 0.246 (t = 4.53), slightly larger than the standalone 0.230 in Table 2. If SPI merely proxied for one of these variables, adding them should weaken the SPI interaction; instead, the SPI interaction rises slightly. GPR is positive and marginally precise at 0.127 (t = 1.77). The other benchmark interactions are negative, smaller in absolute value than SPI, and imprecise, ranging from -0.038 to -0.098. The SPI relation remains after sentiment, uncertainty, geopolitical-risk, and volatility controls enter the same regression. Internet Appendix Table IA.3 Panel B shows that orthogonalized SPI remains positive and precise after removing covariance with the benchmark variables; Panel C reports input-sensitivity variants. Internet Appendix Table IA.28 reports weaker and mixed demand-proxy and legacy-23-times-P/E checks, leaving the price-path estimates as the main pricing evidence.

Table 4. Issuance-Side Response and State Classification

Panel A. Supply Contraction and Freeze-Window Pricing Check

Variable	(1) ln(IPO count)	(2) IR_w, full	(3) IR_w, excl. freeze

SPI	0.339*** (4.33)	-0.129*** (-3.02)	-0.133*** (-3.09)
Below 3,000	-0.806*** (-8.28)	-0.090 (-1.27)	-0.093 (-1.19)
SPI × Below 3,000	-0.197** (-2.19)	0.230*** (3.62)	0.255*** (4.24)
Observations	151	2744	2629
Adj. R2	0.298	0.551	0.555

Panel B. Regulatory Pipeline Margins

Outcome	SPI	Below 3,000	SPI × Below 3,000	Months
ln(1 + Review meetings)	0.236*** (3.95)	-0.414*** (-4.56)	-0.286*** (-2.94)	144
ln(1 + Approval count), best available	0.274*** (3.91)	-0.660*** (-6.06)	-0.230 (-1.50)	150
ln(1 + Queue stock), public window	0.030 (0.52)	-0.911*** (-4.36)	-0.324*** (-2.69)	76

Panel C. Local balance around the 3,000-point region

Variable	Above	Below	Local difference	N
Issue size	888.659	1086.162	208.635 (0.41)	1084
ln(RelPE)	-0.258	-0.119	-0.241 (-0.79)	1065
Online share	0.776	0.723	0.054 (0.41)	1084
Retail demand	7.626	7.54	0.361 (0.92)	1084

Panel D. Timing diagnostics and predetermined-state checks

Variable	Lead +1m	Lead +2m	Predetermined
Current SPI	-0.224*** (-2.68)	-0.250*** (-3.59)	
SPI lead by 1 month	-0.078 (-0.97)		
SPI lead by 2 months		-0.057 (-0.94)	
Current SPI × Below 3,000	0.278** (2.48)	0.327*** (3.38)	
SPI lead by 1 month × Below 3,000	-0.022 (-0.18)		
SPI lead by 2 months × Below 3,000		-0.206** (-2.41)	
SPI(t-1) × Below 3,000			0.205** (2.19)
SPI × Below 3,000(t-1)			0.300** (2.55)
SPI(t-1) × Below 3,000(t-1)			0.278*** (2.90)

Notes: Panels A and B report issuance-side and regulatory-pipeline margins; Panel C reports local balance around the 3,000-point region; Panel D reports lead and predetermined-state checks. Quantity rows are interpreted as relative slope changes in below-3,000 months. Coefficients are reported with t-statistics in parentheses. *, **, and *** denote significance at the 10%, 5%,

and 1% levels based on clustered t-statistics. HAC/Newey-West inference for the monthly regulatory-pipeline rows is reported in Internet Appendix Table IA.22A.

Table 5. Offer-Stage Indicators and Benchmark State Variables

Panel A. Public offer-stage indicators

Outcome	Coef. (t)	Wild p	N
ln(Offer PE)	-0.053* (-1.68)	0.233	3,306
ln(Offer PE / industry PE)	-0.057* (-1.69)	0.181	3,263
legacy 23-times P/E benchmark indicator	0.023* (1.76)	0.096	3,315
Offer-to-listing days	0.682* (1.65)	0.121	3,124

Panel B. SPI versus benchmark state variables

Variable	China
SPI × Below 3,000	0.246*** (4.53)
Sentiment × Below 3,000	-0.080 (-1.07)
EPU × Below 3,000	-0.038 (-0.62)
GPR × Below 3,000	0.127* (1.77)
China-U.S. uncertainty × Below 3,000	-0.054 (-0.82)
VIX-style volatility × Below 3,000	-0.098 (-1.29)
Observations	2744
Months	150
Adj. R2	0.556

Notes: Panel A reports public offer-stage indicators using lagged SPI and the prior-trading-day weak-state indicator before offer pricing. Specifications include issue-design controls and listing-segment-by-year fixed effects; standard errors are clustered by listing month, and wild-cluster p-values use month clusters. Panel B reports a joint benchmark comparison between SPI and standard macro-financial state variables in the baseline China pricing sample, with standardized SSE 50 volatility used as the volatility benchmark. Panel B includes the baseline IPO-level controls and listing-segment-by-year fixed effects. Coefficients are reported with t-statistics in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels based on clustered t-statistics.

Section 6 shows why the opening-gap result is not easily explained by IPO supply expansion, threshold choice, or standard sentiment and uncertainty measures. When SPI rises below 3,000, monthly listings and approvals grow less than in other months, review meetings are flat, and the

public IPO queue shrinks. Public offer-stage indicators point in the same direction, with weaker inference because they are observed only after firms reach the offering process. The 3,000-point classifier survives composition, timing, density, and threshold-scan diagnostics, and SPI remains distinct from standard benchmark state variables. Section 7 next asks whether the opening-gap relation is strongest across listing segments and registration-reform periods where pre-listing absorption is most constrained.

7 Price-Limit Rules and the Offer-to-Open Location of Price Adjustment

Section 7 tests a boundary implication of Hypothesis 2. If the weak-state SPI relation is reflected at the opening price, it should be stronger when the opening price has more room to adjust. The test compares listing segments and registration-reform periods with different early-trading rules.

The no-limit group includes STAR IPOs from the segment’ s launch on July 22, 2019, ChiNext IPOs after the August 24, 2020 registration reform, and Main Board IPOs after the April 10, 2023 registration reform. Pre-reform Main Board and ChiNext IPOs form the legacy limit group because they operate under first-day trading restrictions and regular daily price limits. This comparison combines listing segment, rule regime, issuer composition, and calendar time, so the estimates show where the opening-gap relation is strongest; they do not estimate a standalone reform or price-limit effect.

7.1 First-Five-Day No-Limit Trading

Table 6 shows that the SPI × Below 3,000 coefficient in ln(Open/Offer) is larger for IPOs listed without daily price limits during the first five trading days. The regression adds the no-limit indicator and interacts it with SPI and the below-3,000 state. Month fixed effects compare IPOs listed in the same month, while listing-segment-by-year fixed effects absorb average differences across segments and years. The reported triple interaction measures how

much larger the weak-state SPI-pricing slope is in no-limit IPOs.

The no-limit difference appears in ln(Open/Offer), not in ln(Close/Open). For ln(Open/Offer), the triple interaction is 0.145 (t = 3.16; wild-cluster p = 0.026). In log-return terms, the opening-return slope is 14.5 log points larger in no-limit settings; this is about 15.6% in gross-return terms for a one-standard-deviation higher SPI in below-3,000 months. The market-adjusted opening return gives a similar estimate, 0.137 (t = 2.89; wild p = 0.041). For ln(Close/ Open), the coefficient is 0.004 (t = 0.30; wild p = 0.779). The price-limit-rule result matches the Section 5 decomposition: the no-limit difference appears in the offer-to-open interval, while the open-to-close coefficient is close to zero.

The rule split is informative precisely because it bears on the segment where the main result sits—the move from the fixed offer price to the opening price—linking this evidence to the Section 5 decomposition and to China IPO work on pricing authority, listing restrictions, and registration reforms (Chen et al. (2018), Lee et al. (2023), Chen et al. (2025), Deng et al. (2025)).

Table 6. Price-Limit Rules and the Offer-to-Open Relation

Outcome	Coef. (t)	Wild p	N	Month clusters
ln(Open/Offer)	0.145*** (3.16)	0.026	2,704	145
Market-adjusted ln(Open/Offer)	0.137*** (2.89)	0.041	2,704	145
ln(Close/Open)	0.004 (0.30)	0.779	2,704	145

Notes: Table 6 reports regressions that add No Daily Price Limit to the price-path specification. No Daily Price Limit equals one for STAR IPOs, ChiNext IPOs after August 24, 2020, and Main Board IPOs after April 10, 2023; it equals zero for pre-reform Main Board and ChiNext IPOs. These IPOs have no daily price limit during the first five trading days. The specifications include the IPO-level controls used in the price-path regressions, listing-segment-by-year fixed effects, month fixed effects, and the lower-order interactions not absorbed by those fixed effects. Month fixed effects absorb SPI, Below 3,000, and SPI × Below 3,000, so the table reports the coefficient on SPI × Below 3,000 × No Daily Price Limit. Coefficients are reported with t-statistics in parentheses. Wild-cluster p-values use listing-month clusters.

8. U.S. External Benchmark

Section 8 tests Hypothesis 4 by applying the same SPI construction to U.S. IPOs. The comparison asks whether the weak-market SPI relation is smaller in a market with more flexible

pre-listing adjustment, where issuers and underwriters have more scope to revise offer terms, change timing, or withdraw deals before listing.

The U.S. pricing relation has the same sign as the China relation but is far smaller: the U.S. SPI × bear-market interaction is 0.038 (t = 1.23) for IPO initial returns, against 0.230 in China (Internet Appendix Tables IA.3 and IA.25). The China − U.S. difference is 0.192 (z = 2.71, p = 0.007)—about 19 percentage points per one-standard-deviation increase in SPI in weak-market states—and it stays positive and significant with no IPO-level controls (difference 0.272, p = 0.026) and with benchmark state variables added (0.212, p = 0.002). The weak U.S. relation also holds under alternative bear-market definitions and moving-average windows (Internet Appendix Tables IA.24 and IA.26). The U.S. evidence supports Hypothesis 4 as a scale comparison: the analogous weak-market pricing relation is positive but small and statistically imprecise in the more flexible U.S. IPO setting.

The U.S. count evidence is a limited supply-side benchmark. Internet Appendix Table IA.26 Panel B reports positive SPI × bear-market coefficients for U.S. monthly IPO counts: 0.315 (t = 2.97) under the baseline bear state and 0.319 (t = 3.20) under the S&P 500 200-day moving-average state. These count regressions use listings, not review meetings, approvals, or queue stock, so they are not direct counterparts to the China regulatory-pipeline tests. They show that U.S. IPO listing counts do not display the attenuated China listing response documented in Section 6.

9 Conclusion

The A-share market has delivered weak long-run performance relative to major global markets, yet China remains one of the world’s largest IPO markets (Allen, Qian, Shan, and Zhu (2024)). This contrast makes Chinese IPO pricing a useful setting for studying how weak

secondary-market conditions enter new-issue prices. In China, household participation is substantial, offer prices and issuance timing are shaped by administrative rules, and public IPO-specific preopening information is limited. The relevant question is not only how much IPO underpricing remains, but where weak-market pressure enters the first-day price path.

This paper studies that question with a Social Pressure Index (SPI) that measures adverse aggregate conditions net of the household-surplus buffer. In the below-3,000 SHCOMP region, a one-standard-deviation increase in SPI is associated with about 23 percentage points higher winsorized IPO initial returns, and the within-day decomposition places this relation in the move from the offer price to the opening auction, with essentially no further movement during continuous trading. The pricing relation therefore appears at the opening price, linking the China evidence to the opening-price discovery margin studied in Aggarwal and Wu (2025).

The evidence is consistent with limited pre-listing absorption. On the supply side, high SPI in below-3,000 months is not matched by stronger IPO supply: monthly listings rise much less than in other months, review meetings are flat, approvals rise only modestly, and the public IPO queue shrinks. Public offer-stage indicators point in the same direction with weaker precision. The price-location result is stronger in IPO settings with no daily price limit during the first five trading days, and the analogous U.S. SPI × bear-market relation is positive but much smaller and statistically imprecise. The tests are designed to locate the pricing margin; standalone reform effects, cross-country causal effects, and long-run fundamental value discovery remain outside the design.

Households adjust risky-asset demand in Chinese stock-market trading when yield and buffer conditions change (Gomes et al. (2025)). SPI brings that household-demand insight to the IPO market by measuring aggregate pressure relative to household buffer capacity, and the

below-3,000 indicator identifies the weak-market state in which this pressure is most visible. This household-demand channel helps explain why IPO pricing remains state-sensitive in a market with weak long-run equity performance but large primary-market activity.

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Internet Appendix to Weak Issuance States and the Location of IPO Price Discovery

This Internet Appendix reports supplementary measurement, 3,000-region diagnostics, quantity-side evidence, institutional-boundary evidence, and post-listing checks for the manuscript. The main text reports the core China opening-gap estimates in Tables 2-3 and the public offer-stage indicators in Table 5.

The local composition, density, classifier-value, and classifier-window exercises are classifier-validation diagnostics. They are not an identification design for a discontinuous treatment effect at exactly 3,000.

Appendix Roadmap

Part I. Measurement and State-Variable Construction: Tables IA.1-IA.7.

Part II. Regime-Contingent Pricing and 3,000-Point State-Classifier Diagnostics: Tables IA.8-IA.15 and Figures IA.1-IA.3.

Part III. Ancillary Post-Listing Evidence and Allocation Checks: Tables IA.16-IA.19 and Figure IA.4.

Part IV. Institutional Heterogeneity and Registration Context: Tables IA.20-IA.23 and Figure IA.5.

Part V. U.S. Comparison Evidence: Tables IA.24-IA.26 and Figures IA.6-IA.8.

Supplementary Exhibits: Tables IA.27-IA.29.

Table IA.1. SPI Component Definitions

Block	Country coverage	Source	Component concept	Transformation	Weight in pressure components	Economic role
PMI downside	China and U.S.	NBS(National Bureau of Statistics of China)/ISM (Institute for Supply Management)	Local manufacturing PMI	max(0, 50 - local PMI)	1.00	absolute cyclical weakness below the neutral PMI threshold
PMI downside	China and U.S.	NBS/ISM	Local services PMI	max(0, 50 - local services PMI)	1.00	absolute services-side weakness below the neutral PMI threshold
PMI downside	China and U.S.	NBS/ISM /J.P. Morgan	Local manufacturing PMI relative to global manufacturing PMI	max(0, -log(local PMI / global PMI))	0.25	relative manufacturing weakness versus the global benchmark
PMI downside	China and U.S.	NBS/ISM /J.P. Morgan	Local services PMI relative to global services PMI	max(0, -log(local services PMI / global services PMI))	0.25	relative services weakness versus the global benchmark
Macro stress	China and U.S.	NBS/BEA	GDP growth	negative of GDP growth, then z-score	1.00	real activity slowdown
Macro stress	China and U.S.	NBS/St. Louis Fed	Unemployment rate	level, then z-score	1.00	labor-market slack
Macro stress	China and U.S.	The People's Bank of China/Federal Reserve (H.6 release)	M2 growth	level, then z-score	1.00	policy-financial stress environment
Macro stress	China and U.S.	Ministry of Finance (MOF)/U.S. Treasury	Fiscal spending minus fiscal revenue	spending minus revenue, then z-score	1.00	public-finance strain
Macro stress	China and U.S.	iFind Data	Household leverage ratio	level, then z-score	1.00	balance-sheet fragility
Macro stress	China and U.S.	Cndataseed/Bankruptcy Filings Statistics	Personal bankruptcy counts	level, then z-score	1.00	household distress
Macro stress	China and U.S.	NBS/Chicago Fed	Current retail activity	negative of retail activity, then z-score	1.00	demand slowdown
Macro stress	China and	NBS/St. Louis Fed	Consumer inflation	level, then z-score	1.00	consumer-price pressure

	U.S.					
Macro stress	China and U.S.	NBS/St. Louis Fed	Producer-price inflation	level, then z-score	1.00	input-cost pressure
Macro stress	China and U.S.	Wind	Risk-free interest rate	level, then z-score	1.00	discount-rate tightening
Macro stress	China and U.S.	Choice Data/St. Louis Fed	House-price volatility or growth-volatility proxy	level, then z-score	1.00	asset-market instability
Macro stress	China and U.S.	policyuncertainty.com	Geopolitical risk index	level, then z-score	1.00	geopolitical uncertainty
Macro stress	China and U.S.	policyuncertainty.com	Economic policy uncertainty index	level, then z-score	1.00	policy uncertainty
Macro stress	China and U.S.	policyuncertainty.com	China-U.S. uncertainty index	level, then z-score	1.00	cross-border uncertainty
Macro stress	China and U.S.	NBS/UMCSENT (University of Michigan: Consumer Sentiment)	Consumer confidence proxy	negative of confidence proxy, then z-score	1.00	household sentiment buffer on the pressure side
Macro stress	China and U.S.	Wind	Market sentiment index	negative of sentiment, then z-score	1.00	broad market mood
U.S.-only macro stress	U.S. only	BLS (Current Employment Statistics)	Labor-force participation	negative of level, then z-score	1.00	labor-supply weakness
U.S.-only macro stress	U.S. only	BLS	Nonfarm payroll proxy	negative of level, then z-score	1.00	employment momentum
Risk-bearing-capacity buffer	China and U.S.	China: disposable income minus consumption expenditure; U.S.: personal income minus personal outlays	Current surplus	z-score of current surplus	buffer only	current risk-bearing capacity when pressure is high
Risk-bearing-capacity buffer	China and U.S.		Lagged expected surplus	lag surplus one month, apply EWMA expectation filter, then z-score	buffer only	expected risk-bearing capacity when pressure is low
Final index	China and U.S.		Pressure minus the chosen buffer	z-score(Pressure - chosen buffer)	final index	net social-pressure state variable

Notes: SPI components are grouped by pressure block and household-surplus buffer. Positive signs increase measured social pressure; negative signs reduce it. All components are standardized before aggregation in the construction pipeline.

Table IA.2. SPI Construction and Switching-Rule Robustness

Panel A. Alternative Switching-Rule Robustness

Metric	Current High-U/Low-E	High-expectation/low-utility switching rule	Lagged-pressure switching rule
CN: SPI × Below 3,000 (IR)	0.311*** (2.62)	0.348*** (3.24)	0.326*** (2.92)
U.S.: SPI × Bear market (IR)	0.038 (1.23)	0.034 (1.46)	0.035 (1.12)
CN supply: SPI × Below 3,000	-0.197** (-2.19)	-0.133 (-1.53)	-0.186** (-2.07)
CN pricing: SPI × Below 3,000 on ln(Offer)	0.003 (0.28)	0.005 (0.59)	0.004 (0.37)

Panel A. Alternative Switching-Rule Robustness

Metric	Current High-U/Low-E	High-expectation/low-utility switching rule	Lagged-pressure switching rule
CN pricing: SPI × Below 3,000 on ln(Close)	0.088*** (3.59)	0.083*** (3.27)	0.088*** (3.63)
CN pricing: SPI × Below 3,000 on ln(Close/Offer)	0.088*** (3.59)	0.083*** (3.27)	0.088*** (3.63)
CN later-rule-cell contrast	0.444*** (3.80)	0.485*** (4.72)	0.475*** (4.28)
CN BBS: SPI × Below 3,000 on Ln(1+Posts)	-0.090 (-0.54)	-0.024 (-0.15)	-0.093 (-0.56)
CN leverage: SPI × Below 3,000 on Ln(Margin Balance)	-0.078 (-0.37)	-0.004 (-0.02)	-0.080 (-0.36)
US leverage: SPI × Bear market on Ln(Debit Balances)	0.143*** (2.82)	0.148*** (2.79)	0.143*** (2.86)

Panel B. SPI Construction Robustness

Sample	Variant	Relative PMI weight	Expectation alpha	Buffer rule	Standardization	Switch lag (months)	SPI	Below 3,000 / Bear market	SPI × Below 3,000 / SPI × Bear market	Observations	Months	Adj. R2
China	Preferred	0.25	0.286	state_dependent	full_sample	0	-0.273*** (-4.04)	-0.273*** (-2.74)	0.311*** (2.62)	3437	151	0.061
China	Expanding-window z-score	0.25	0.286	state_dependent	expanding	0	-0.289*** (-4.01)	-0.294*** (-3.36)	0.422*** (4.54)	3437	151	0.058
China	Lagged switching state	0.25	0.286	state_dependent	full_sample	1	-0.274*** (-4.19)	-0.282*** (-2.90)	0.326*** (2.92)	3437	151	0.062
China	Relative PMI weight = 0.10	0.1	0.286	state_dependent	full_sample	0	-0.302*** (-4.32)	-0.265*** (-2.67)	0.337*** (2.77)	3437	151	0.073
China	Relative PMI weight = 0.50	0.5	0.286	state_dependent	full_sample	0	-0.241*** (-3.40)	-0.275*** (-2.78)	0.280** (2.36)	3437	151	0.051
China	Relative PMI weight = 1.00	1.0	0.286	state_dependent	full_sample	0	-0.213*** (-2.91)	-0.283*** (-2.93)	0.264** (2.41)	3437	151	0.043
China	Utility-only buffer	0.25	0.286	utility_only	full_sample	0	-0.253*** (-4.06)	-0.296*** (-3.04)	0.317*** (2.95)	3437	151	0.055
China	Expectation-only buffer	0.25	0.286	expectation_only	full_sample	0	-0.315***	-0.248*** (-2.58)	0.348*** (2.92)	3437	151	0.073

Panel B. SPI Construction Robustness												
Sample	**Variant**	**Relative PMI weight**	**Expectation alpha**	**Buffer rule**	**Standardization**	**Switch lag (months)**	**SPI**	**Below 3,000 / Bear market**	**SPI × Below 3,000 / SPI × Bear market**	**Observations**	**Months**	**Adj. R2**
							(-4.48)					
China	Expectation alpha = 0.10	0.25	0.100	state_dependent	full_sample	0	-0.287*** (-4.16)	-0.275*** (-2.77)	0.329*** (2.77)	3437	151	0.065
China	Expectation alpha = 0.20	0.25	0.200	state_dependent	full_sample	0	-0.279*** (-4.11)	-0.273*** (-2.74)	0.317*** (2.67)	3437	151	0.063
China	Expectation alpha = 0.30	0.25	0.300	state_dependent	full_sample	0	-0.272*** (-4.03)	-0.273*** (-2.74)	0.310*** (2.62)	3437	151	0.060
China	Expectation alpha = 0.50	0.25	0.500	state_dependent	full_sample	0	-0.262*** (-3.88)	-0.278*** (-2.80)	0.303*** (2.60)	3437	151	0.057
U.S.	Preferred	0.25	0.286	state_dependent	full_sample	0	-0.016 (-1.15)	0.072 (1.36)	0.038 (1.23)	2700	169	0.004
U.S.	Expanding-window z-score	0.25	0.286	state_dependent	expanding	0	-0.024 (-1.38)	0.056 (1.14)	0.068* (1.86)	2700	169	0.005
U.S.	Lagged switching state	0.25	0.286	state_dependent	full_sample	1	-0.017 (-1.17)	0.074 (1.37)	0.035 (1.12)	2700	169	0.004
U.S.	Relative PMI weight = 0.10	0.1	0.286	state_dependent	full_sample	0	-0.015 (-1.08)	0.070 (1.34)	0.040 (1.25)	2700	169	0.004
U.S.	Relative PMI weight = 0.50	0.5	0.286	state_dependent	full_sample	0	-0.018 (-1.25)	0.073 (1.37)	0.037 (1.20)	2700	169	0.004
U.S.	Relative PMI weight = 1.00	1.0	0.286	state_dependent	full_sample	0	-0.021 (-1.48)	0.076 (1.40)	0.034 (1.14)	2700	169	0.005
U.S.	Utility-only buffer	0.25	0.286	utility_only	full_sample	0	-0.017 (-1.17)	0.073 (1.32)	0.035 (1.09)	2700	169	0.004
U.S.	Expectation-only buffer	0.25	0.286	expectation_only	full_sample	0	-0.040*** (-4.17)	0.095* (1.67)	0.037* (1.73)	2700	169	0.009
U.S.	Expectation alpha = 0.10	0.25	0.100	state_dependent	full_sample	0	-0.016 (-1.14)	0.085 (1.40)	0.005 (0.11)	2700	169	0.004
U.S.	Expectation alpha = 0.20	0.25	0.200	state_dependent	full_sample	0	-0.016 (-1.15)	0.076 (1.37)	0.030 (0.95)	2700	169	0.004
U.S.	Expectation alpha = 0.30	0.25	0.300	state_dependent	full_sample	0	-0.016 (-1.15)	0.071 (1.35)	0.039 (1.26)	2700	169	0.004
U.S.	Expectation alpha =	0.25	0.500	state_dependent	full_sample	0	-0.016	0.069	0.044	2700	169	0.004

Panel B. SPI Construction Robustness

Sample	Variant	Relative PMI weight	Expectation alpha	Buffer rule	Standardization	Switch lag (months)	SPI	Below 3,000 / Bear market	SPI × Below 3,000 / SPI × Bear market	Observations	Months	Adj. R2
	0.50						(-1.15)	(1.33)	(1.38)			

Notes: Panel A compares the preferred current High-U/Low-E switching rule with alternative switching definitions; Panel B varies SPI construction and price-level outcomes. Coefficients are reported with t-statistics in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels.

Table IA.3. SPI Benchmark, Orthogonalized, and Component Robustness

Panel A. SPI Joint Benchmark Comparison

Row	China baseline	China joint benchmark	U.S. baseline	U.S. joint benchmark
SPI	-0.273*** (-4.04)	-0.336*** (-5.15)	-0.016 (-1.15)	0.003 (0.24)
Below 3,000 (China) / Bear market (U.S.)	-0.273*** (-2.74)	-0.288*** (-3.06)	0.072 (1.36)	0.117 (1.04)
SPI × Below 3,000 (China) / SPI × Bear market (U.S.)	0.311*** (2.62)	0.396*** (4.42)	0.038 (1.23)	0.035 (0.88)
sentiment_cn × Below 3,000		-0.058 (-0.46)		
epu_cn × Below 3,000		-0.197** (-2.58)		
gpr_cn × Below 3,000		0.131 (1.46)		
uncertainty_cn_us × Below 3,000		0.050 (0.47)		
vix_cn × Below 3,000		-0.387*** (-3.74)		
sentiment_us × Bear market				0.011 (0.20)
epu_us × Bear market				-0.038* (-1.76)
gpr_us × Bear market				0.007 (0.13)
uncertainty_cn_us × Bear market				-0.076* (-1.89)
vix_us × Bear market				0.005 (0.06)
Observations	3437	3437	2700	2700
Months	151	151	169	169
Adj. R2	0.061	0.137	0.004	0.013

Panel B. Orthogonalized SPI

Sample	Orthogonalized SPI	Below 3,000 / Bear market	Orthogonalized-SPI × Below-3,000/ Orthogonalized-SPI × Bear market	Observations	Months	Adj. R2
China	-0.124** (-2.30)	-0.299*** (-3.46)	0.268*** (4.38)	3437	151	0.033

Sample	Orthogonalized SPI	Below 3,000 / Bear market	Orthogonalized-SPI × Below-3,000/ Orthogonalized-SPI × Bear market	Observations	Months	Adj. R2
U.S.	0.000 (0.01)	0.075 (1.32)	-0.045 (-0.63)	2700	169	0.003

Panel C. SPI Component Sensitivity

Country	Regressor	Regressor term	Below 3,000 / Bear market	Regressor × Below 3,000 / Regressor × Bear market	Observations	Months	Adj. R2
China	Standardized Aggregate Pressure	-0.051 (-0.79)	-0.317*** (-3.65)	0.256*** (3.69)	3437	151	0.031
China	Contemporaneous Capacity Buffer (Utility)	0.238*** (3.19)	-0.043 (-0.48)	0.059 (0.60)	3437	151	0.060
China	Smoothed Capacity Buffer (Expectation)	0.324*** (4.26)	0.013 (0.17)	-0.044 (-0.45)	3416	150	0.077
China	State-Dependent Capacity Buffer	0.260*** (3.25)	-0.029 (-0.33)	0.032 (0.31)	3437	151	0.066
China	Economic Policy Uncertainty Index (EPU)	0.159** (2.51)	-0.255*** (-2.74)	-0.070 (-0.90)	3437	151	0.029
China	Geopolitical Risk Index (GPR)	-0.069 (-1.41)	-0.251** (-2.53)	0.245*** (3.18)	3437	151	0.023
China	China–U.S. Bilateral Uncertainty Index	0.088 (0.97)	-0.282*** (-3.29)	0.033 (0.32)	3437	151	0.023
China	Consumer Confidence Index	-0.051 (-1.14)	-0.292*** (-3.24)	0.158* (1.70)	3437	151	0.019
China	Investor Sentiment Index	-0.012 (-0.18)	-0.312*** (-3.43)	0.224* (1.93)	3437	151	0.017
U.S.	Standardized Aggregate Pressure	0.024* (1.65)	0.094 (1.53)	-0.059** (-2.00)	2700	169	0.005
U.S.	Contemporaneous Capacity Buffer (Utility)	0.023 (1.28)	0.080 (1.50)	-0.080** (-2.04)	2700	169	0.008
U.S.	Smoothed Capacity Buffer (Expectation)	0.035*** (3.99)	0.057 (1.45)	-0.172** (-2.03)	2694	168	0.015
U.S.	State-Dependent Capacity Buffer	0.022 (1.28)	0.075 (1.47)	-0.079** (-1.97)	2700	169	0.008
U.S.	Economic Policy Uncertainty Index (EPU)	0.010 (0.61)	0.110 (1.60)	-0.035 (-1.64)	2700	169	0.004
U.S.	Geopolitical Risk Index (GPR)	-0.030*** (-2.86)	0.068 (1.07)	0.039 (1.07)	2700	169	0.007
U.S.	China–U.S. Bilateral Uncertainty Index	0.033** (2.19)	0.101 (1.46)	-0.064*** (-2.64)	2700	169	0.006
U.S.	Consumer Confidence Index	-0.030*** (-2.87)	0.043 (0.99)	0.066** (2.07)	2700	169	0.006
U.S.	Investor Sentiment Index	-0.029* (-1.74)	0.121* (1.66)	0.067*** (2.61)	2700	169	0.005

Notes: Panel A compares SPI with benchmark state variables. Panel B reports orthogonalized-SPI specifications. Panel C reports component-sensitivity checks. China pricing specifications use the manuscript IPO sample and Board × Year fixed effects unless otherwise stated; U.S. specifications use the corresponding monthly comparison sample. Coefficients are reported with t-statistics in parentheses.

Table IA.4. Simplified SPI, Bootstrap, and Expanding-Standardization Validation

Panel A. Simplified SPI and Continuous 3,000-Region Robustness

Specification	State variable	Interaction term	Interaction coef. (t)	Wild-cluster p	Observations	Months	Below 3,000 months	Adj. R2
Binary baseline	SPI	SPI × Below 3,000	0.230*** (3.62)	0.042	2744	150	62	0.551
Pressure-only binary	Equal-weighted pressure-only index	Pressure-only × Below 3,000	0.212*** (4.10)	0.047	2744	150	62	0.548
Continuous full sample	SPI	SPI × Distance to 3,000	-0.173* (-1.70)	0.203	2744	150	62	0.547
Continuous +/-500	SPI	SPI × Distance to 3,000	-0.414** (-2.39)	0.112	2040	113	39	0.547

Panel B. Wild-Cluster Bootstrap Inference for Core China Results

Panel	Specification	Interaction	Coef.	Cluster t	Wild-cluster p	Month clusters
Panel A. Core China results and scope boundary	Table 2 preferred	SPI × Below 3,000	0.230	3.62	0.042	150
Panel A. Core China results and scope boundary	Table 2 Panel A ln(1+IR)	SPI × Below 3,000	0.088	3.59	0.022	150
Panel A. Core China results and scope boundary	IA.5 first half	SPI × Below 3,000	0.036	1.00	0.382	75
Panel A. Core China results and scope boundary	IA.5 second half	SPI × Below 3,000	0.223	3.48	0.081	75
Panel A. Core China results and scope boundary	IA.5 post-2019 strengthening	SPI × Below 3,000 × Post2019	0.309	3.68	0.006	150
Panel A. Core China results and scope boundary	Section 7.1 market-oriented-board amplification	SPI × Below 3,000 × Market-oriented board	0.306	3.05	0.057	150
Panel A. Core China results and scope boundary	Table 2 Panel B ln(Open/Offer)	SPI × Below 3,000	0.084	3.39	0.042	150
Panel A. Core China results and scope boundary	Table 2 Panel B ln(Close/Open)	SPI × Below 3,000	0.003	0.77	0.498	150
Panel A. Core China results and scope boundary	Table 2 Panel B ln(Close/Offer)	SPI × Below 3,000	0.088	3.59	0.036	150
Panel A. Core China results and scope boundary	Table 4 Panel A full-sample pricing check	SPI ?? Below 3,000	0.230	3.62	0.029	150
Panel A. Core China results and scope boundary	Table 4 Panel A freeze-exclusion pricing check	SPI ?? Below 3,000	0.255	4.24	0.027	138
Panel B. Additional robustness and caveats	IA.4 Panel A pressure-only index	Pressure-only × Below 3,000	0.212	4.10	0.047	150
Panel B. Additional robustness and caveats	IA.4 Panel A continuous full sample	SPI × Distance to 3,000	-0.173	-1.70	0.203	150
Panel B. Additional robustness and caveats	IA.4 Panel A continuous +/-500	SPI × Distance to 3,000	-0.414	-2.39	0.112	113
Panel B. Additional robustness and caveats	Section 8.2 / IA.16 Panel A medium-horizon check	SPI × Below 3,000	0.280	2.35	0.145	150

Panel C. SPI Validation via Simplification and Expanding Standardization

Panel	Exercise	Result	Observations	Months	Adj. R2
Panel A. Correlations	Corr(SPI, pressure-only index)	0.527	2744	150	
Panel A. Correlations	Corr(SPI, expanding-standardized SPI)	0.615	2744	150	
Panel B. Full sample	SPI baseline	0.230*** (3.62)	2744	150	0.551
Panel B. Full sample	Pressure-only index	0.212*** (4.10)	2744	150	0.548
Panel B. Full sample	Expanding-standardized SPI	0.150**	2744	150	0.545

Panel	Exercise	Result	Observations	Months	Adj. R2
		(1.98)			
Panel C. Split-sample	SPI baseline | first half	0.036 (1.00)	1239	75	0.251
Panel C. Split-sample	SPI baseline | second half	0.223*** (3.48)	1505	75	0.557
Panel C. Split-sample	Pressure-only index | first half	0.031 (0.94)	1239	75	0.250
Panel C. Split-sample	Pressure-only index | second half	0.248*** (4.73)	1505	75	0.557
Panel C. Split-sample	Expanding-standardized SPI | first half	0.066* (1.76)	1239	75	0.260
Panel C. Split-sample	Expanding-standardized SPI | second half	0.320** (2.19)	1505	75	0.555

Notes: Panel A reports simplified SPI and continuous-region variants; Panel B reports wild-cluster bootstrap inference for core pricing, timing, market-oriented-board, freeze-exclusion, and medium-horizon checks; Panel C reports expanding-standardization validation. Bootstrap p-values use month clusters where reported, and coefficients are reported with t-statistics in parentheses.

Table IA.5. Split-Sample Timing and Post-2019 Transition Check

Panel A. Split-sample composition

Sample	IPOs	Months	Below 3,000 months	Below 3,000 IPOs	Main Board share	ChiNext share	STAR share
First half	1239	75	43	513	66.7%	33.3%	0.0%
Second half	1505	75	19	277	30.2%	34.8%	35.1%
First half, below-3,000 IPOs	513	43	43	513	59.8%	40.2%	0.0%
Second half, below-3,000 IPOs	277	19	19	277	39.0%	22.7%	38.3%

Panel B. Post-2019 timing interaction

Sample	SPI × Below 3,000	SPI × Below 3,000 × Post2019	IPOs	Months	Below-pre months	Below-post months	Comment
All preferred sample	-0.019 (-0.37)	0.309*** (3.68)	2744	150	45	17	Post-2019 starts in July 2019.
Main Board + ChiNext only	-0.020 (-0.39)	0.258*** (2.76)	2216	149	45	17	STAR excluded.

Notes: Rows split the pricing and composition checks by period, including the post-2019 transition window. Coefficients are reported with t-statistics in parentheses and use the fixed effects and controls described in the panel labels.

Table IA.6. Continuous-Region and Holdout-Calibrated SPI Checks

Panel A. Continuous-Variant Checks Around the 3,000 Region

Specification	Interaction term	Interaction coef. (t)	Wild-cluster p	Observations	Months	Below 3,000 months	Adj. R2
Signed distance, full sample	SPI × distance variant	-0.173* (-1.70)	0.206	2744	150	62	0.547
Signed distance, +/-500 window	SPI × distance variant	-0.414** (-2.39)	0.101	2040	113	39	0.547
One-sided below-distance	SPI × distance variant	0.283 (1.54)	0.158	2744	150	62	0.545
Absolute distance	SPI × distance variant	-0.275**	0.026	2744	150	62	0.549

Specification	Interaction term	Interaction coef. (t)	Wild-cluster p	Observations	Months	Below 3,000 months	Adj. R2
		(-2.36)					

Panel B. Holdout-Calibrated SPI Applied to the Post-2019 Sample

Variable	Preferred SPI	Holdout-calibrated SPI
SPI × Below 3,000 in IR_w	0.218*** (3.33)	0.045* (1.70)
SPI × Below 3,000 in ln(Open/Offer)	0.079*** (2.93)	0.017* (1.84)
SPI × Below 3,000 in ln(Close/Open)	-0.001 (-0.27)	-0.002 (-1.20)
Observations	1462	1462
Months	71	71
Std. dev. of SPI in post-2019 sample	1.116	4.032
Corr(Preferred, holdout-calibrated)	0.780	0.780

Notes: Panel A reports continuous-region checks around the 3,000-point region. Panel B applies the holdout-calibrated SPI to the post-2019 sample. These exercises test whether the baseline result depends on a single binary state definition. Coefficients are reported with t-statistics in parentheses.

Table IA.7. Survey-Based Household Validation

Frequency	Specification	SPI	Below 3,000	SPI × Below 3,000	Observations	Adj. R2
Monthly	(1) Employment confidence	10.034*** (3.62)	4.232 (0.86)	-0.530 (-0.10)	103	0.233
Monthly	(2) Employment expectation	9.874*** (3.54)	4.188 (0.85)	-0.274 (-0.05)	103	0.229
Quarterly	(3) Prefer more saving	-3.712*** (-2.92)	-1.153 (-0.61)	1.155 (0.62)	56	0.209
Quarterly	(4) Prefer more investment	3.573*** (2.63)	3.258 (1.43)	-0.607 (-0.26)	56	0.205
Quarterly	(5) Current income feeling	0.589 (1.18)	0.140 (0.16)	1.297 (1.48)	57	0.122
Quarterly	(6) Future employment expectation	1.012 (1.50)	0.362 (0.47)	0.983 (1.28)	57	0.167

Notes: Survey validation specifications relate SPI and the weak-market indicator to household survey measures used to support the risk-bearing-capacity interpretation. Dependent variables and frequency are shown in the table body; coefficients are reported with t-statistics in parentheses.

Table IA.8. IPO-Level Controls and Month-Weighting Robustness

Panel A. Nested IPO-Level Control-Set Robustness

Variable	(1) Parsimonious IPO controls	(2) + Issue size	(3) 7 controls, no quote-stage variables	(4) Preferred 9-control specification
SPI	-0.148*** (-2.62)	-0.130*** (-2.82)	-0.115*** (-2.93)	-0.129*** (-3.02)
Below 3,000	-0.036 (-0.47)	-0.098 (-1.25)	-0.079 (-0.99)	-0.090 (-1.27)
SPI × Below 3,000	0.249*** (3.42)	0.225*** (3.28)	0.207*** (3.70)	0.230*** (3.62)

Observations	2744	2744	3335	2744
Adj. R2	0.482	0.531	0.513	0.551

Panel B. Equal-Month and Monthly-Collapsed Opening-Gap Decomposition

Outcome	IPO-level baseline	Equal-month weighted	Monthly collapsed	N / months
ln(Open/Offer)	0.084***(3.39)	0.079**(2.57)	0.140***(3.17)	2,744 deals; 150 months
ln(Close/Open)	0.003(0.77)	0.007(1.25)	-0.005(-0.81)	2,744 deals; 150 months
ln(Close/Offer)	0.088***(3.59)	0.086***(2.78)	0.135***(3.25)	2,744 deals; 150 months

Notes: Panel A varies IPO-level controls; Panel B reweights IPO observations by month and collapses outcomes to the monthly level. The estimates continue to load on ln(Open/Offer), not ln(Close/Open). Coefficients are reported with t-statistics in parentheses.

Table IA.9. Regression-Sample Construction and Control Availability

Panel	Item	Detail	Value
Panel A	Full China IPO sample	Baseline China return sample with IR_w, SPI, Below 3,000, and MonthPeriod observed	3437
Panel A	+ ln(RelPE) available	Adds the valuation control used in the controlled pricing specifications	3335
Panel A	+ expanded standard controls available	Adds quotation-stage and issue-structure variables used in the preferred expanded-control specifications	2744
Panel A	Freeze-exclusion sample	Excludes IPOs issued during documented freeze months and the subsequent six months	2629
Panel B	ln(RelPE)	log of offer P/E divided by industry P/E	102 missing
Panel B	Online Share	fraction of shares allocated to the online subscription tranche	0 missing
Panel B	Retail Demand	log(1/lottery rate)	0 missing
Panel B	ln(1+Quote Multiple)	log of one plus the quotation-stage subscription multiple	636 missing
Panel B	ln(1+Quote Firms)	log of one plus the number of quoting institutions	629 missing
Panel B	ln(1+Issue Size)	log of one plus issue size	0 missing
Panel B	ln(Offer Price)	log of offer price	0 missing
Panel B	ln(1+Required Market Value)	log of one plus required market value	0 missing
Panel B	ln(1+Subscription Limit)	log of one plus subscription limit	0 missing
Panel C	N = 3437	Baseline China interaction without IPO-level controls	0.311*** (2.62)
Panel C	N = 3335	Baseline China interaction re-estimated on the valuation-control sample	0.307** (2.52)
Panel C	N = 2744	Baseline China interaction re-estimated on the expanded-control complete-case sample	0.324** (2.45)
Panel C	N = 2629	Baseline China interaction re-estimated after freeze exclusion	0.325** (2.29)

Notes: Panels reconcile the full IPO universe with the complete-control regression sample through observation counts, missing-control diagnostics, and stock-code-prefix checks.

Table IA.10. Composition Diagnostics Around the 3,000 Region

Panel A. Local Composition Diagnostics Around 3,000

Variable	Mean above 3,000	Mean below 3,000	Local difference	N
ln(RelPE)	-0.258	-0.119	-0.241 (-0.79)	1065
Issue size	888.659	1086.162	208.635 (0.41)	1084

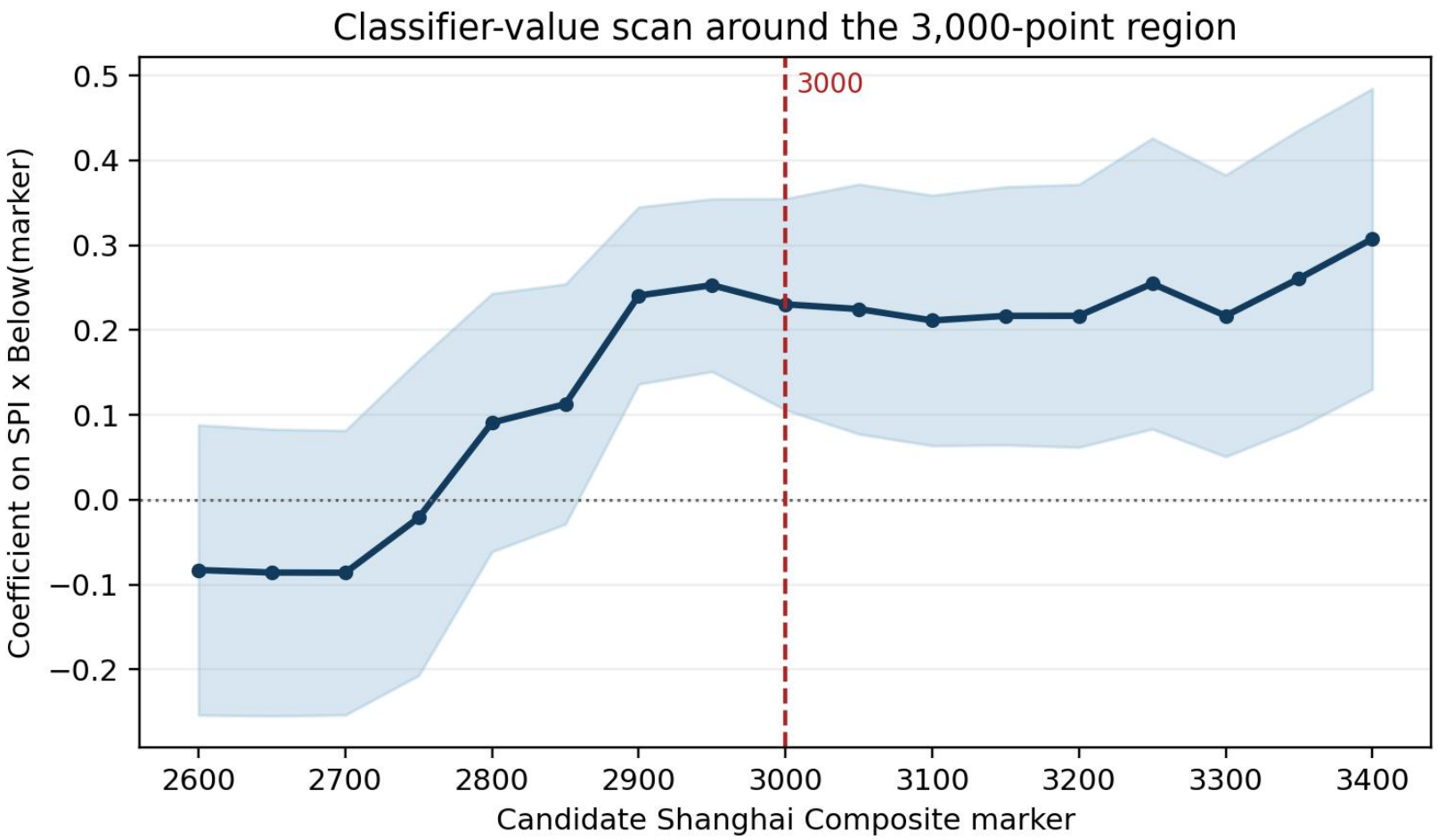
Variable	Mean above 3,000	Mean below 3,000	Local difference	N
Online share	0.776	0.723	0.054 (0.41)	1084
Retail demand	7.626	7.54	0.361 (0.92)	1084
ln(1+QuoteMultiple)	7.571	6.834	0.051 (0.09)	841
ln(1+QuoteFirms)	8.648	8.234	0.585 (0.99)	842

Panel B. Monthly Composition Continuity

Variable	Mean above 3,000	Mean below 3,000	Local difference	Months
MainBoard_share	0.531	0.514	0.012 (0.09)	54
STAR_share	0.122	0.191	-0.048 (-0.34)	54
ChiNext_share	0.346	0.295	0.035 (0.35)	54
mean_issue_size	841.553	1099.833	374.004 (0.82)	54
mean_online_share	0.772	0.752	0.043 (0.37)	54
mean_ln_relpe	-0.273	-0.202	-0.161 (-0.75)	54

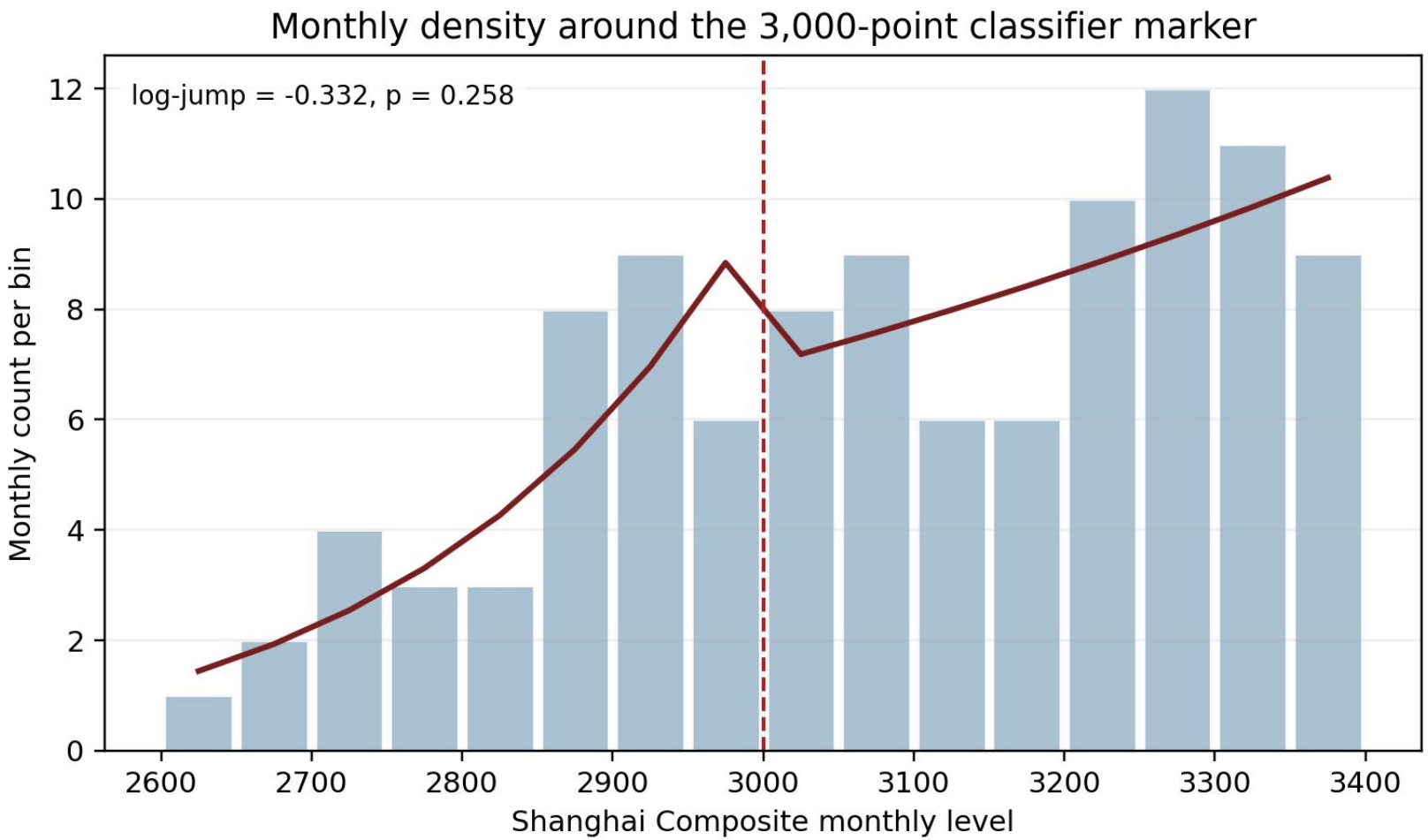
Notes: Panel A reports local composition diagnostics around the 3,000-point region. Panel B reports monthly composition-continuity checks. The diagnostics assess whether observable IPO composition changes discontinuously around the state-classifier region; they are not used as a discontinuity design.

Figure IA.1. State-Classifier Value Scan Around the 3,000-Point Region



Notes: Candidate cutoffs move the below-cutoff state across nearby Shanghai Composite values. Plotted estimates show how the SPI-pricing relation changes with the classifier value. The exercise supports the 3,000-point region as a salient weak-market classifier, not as a sharp local treatment cutoff.

Figure IA.2. Monthly Density Diagnostic Around the 3,000-Point Region



Notes: Monthly Shanghai Composite observations are plotted around the 3,000-point region to check for bunching at the classifier boundary. The diagnostic is descriptive and supports the state-classification exercise rather than a discontinuity design.

Table IA.11. Classifier-Window Supply and Pricing Checks

Panel A. Classifier-Window Supply Checks

Window	Months	Below 3,000	SPI × Below 3,000	Adj. R2
±100	31	-0.187 (-0.97)	-0.114 (-0.75)	0.247
±150	45	-0.264 (-1.58)	-0.277** (-2.37)	0.226
±200	54	-0.365** (-2.54)	-0.320*** (-2.90)	0.302
±250	66	-0.493*** (-3.82)	-0.172 (-1.38)	0.204
±300	82	-0.574*** (-4.48)	-0.182* (-1.71)	0.204

Panel B. Classifier-Window Pricing Robustness

Window	IPO obs	Months	SPI × Below 3,000	t-stat	Wild p	Smallest local-balance p
±200	826	54	0.112	3.03	0.093	0.088
±150	662	45	0.121	2.55	0.107	0.294
±100	413	31	-0.008	-0.06	0.990	0.025
±30	150	11	0.325	1.28	0.510	0.001

Notes: Panel A varies classifier-window supply margins; Panel B varies classifier-window pricing specifications. The windows move the local neighborhood around the 3,000-point region to assess whether supply and pricing patterns are concentrated near the state-classifier neighborhood. Coefficients are reported with t-statistics in parentheses.

Table IA.12. State-Classifier Value Sweep

Cutoff	SPI × Below(cutoff)	Observations	Months	Below-cutoff months	Below-cutoff IPOs	Adj. R2
2800	0.091 (1.17)	2744	150	36	447	0.544
2900	0.241*** (4.52)	2744	150	47	603	0.551
2950	0.253*** (4.87)	2744	150	56	720	0.552
3000	0.230*** (3.62)	2744	150	62	790	0.551

Notes: Each row re-estimates the pricing relation using the indicated cutoff value for the below-cutoff state. The exercise evaluates whether the result is concentrated in the 2,900-3,000 weak-market neighborhood rather than uniquely tied to the exact 3,000 cutoff. Coefficients are reported with t-statistics in parentheses.

Table IA.13. Freeze/Tightening Exclusions and Timing Placebos

Panel A. Exclusions of Freeze and Tightening Windows

Variable	(1) Full sample	(2) Exclude freeze + 3m	(3) Exclude freeze + 6m	(4) Exclude freeze + 9m	(5) Exclude freeze + 12m
SPI	-0.273*** (-4.04)	-0.273*** (-4.04)	-0.274*** (-4.04)	-0.272*** (-4.02)	-0.280*** (-4.05)
Below 3,000	-0.273*** (-2.74)	-0.276*** (-2.74)	-0.274** (-2.50)	-0.267** (-2.18)	-0.286** (-2.29)
SPI × Below 3,000	0.311*** (2.62)	0.312*** (2.62)	0.309** (2.43)	0.302** (2.22)	0.309** (2.26)
Observations	3437	3357	3304	3215	3087
Adj. R2	0.061	0.061	0.060	0.058	0.062

Panel B. Lead-Placebo Tests

Variable	(1) Current + lead1	(2) Current + lead2	(3) Current + lead1, + controls + Board × YearFE	(4) Current + lead2, + controls + Board × YearFE
Current SPI	-0.224*** (-2.68)	-0.250*** (-3.59)	-0.109*** (-2.67)	-0.123*** (-3.02)
SPI lead by 1 month	-0.078 (-0.97)		-0.044 (-1.05)	
SPI lead by 2 months		-0.057 (-0.94)		-0.043 (-1.41)
Current SPI × Below 3,000	0.278** (2.48)	0.327*** (3.38)	0.212*** (3.75)	0.223*** (3.50)
SPI lead by 1 month × Below 3,000	-0.022 (-0.18)		-0.012 (-0.22)	
SPI lead by 2 months × Below 3,000		-0.206** (-2.41)		0.046 (0.57)
Observations	3429	3423	2738	2733
Adj. R2	0.063	0.073	0.551	0.552

Panel C. Lagged-Timing Checks

Country	Specification	SPI term	Below 3,000 / Bear market term	SPI × Below 3,000 / SPI × Bear market	Observations	Months	Adj. R2
China	(1) Current SPI, current below-3,000 / bear state	-0.273*** (-4.04)	-0.273*** (-2.74)	0.311*** (2.62)	3437	151	0.061
China	(2) SPI(t-1), current below-3,000 / bear state	-0.256*** (-3.23)	-0.217** (-2.32)	0.205** (2.19)	3416	150	0.050
China	(3) Current SPI, lagged below-3,000 / bear state	-0.267*** (-3.93)	-0.259** (-2.56)	0.300** (2.55)	3416	150	0.059
China	(4) SPI(t-1), lagged below-3,000 / bear state	-0.284*** (-3.63)	-0.226** (-2.52)	0.278*** (2.90)	3416	150	0.056
China	(5) Current SPI, current state, + controls + Board × YearFE	-0.129*** (-3.02)	-0.090 (-1.27)	0.230*** (3.62)	2744	150	0.551
China	(6) SPI(t−1), current state, + controls + Board × YearFE	-0.102* (-1.81)	-0.074 (-0.96)	0.106 (1.39)	2723	149	0.543
China	(7) Current SPI, lagged state, + controls + Board × YearFE	-0.136***	-0.144*	0.267***	2723	149	0.552

Country	Specification	SPI term	Below 3,000 / Bear market term	SPI × Below 3,000 / SPI × Bear market	Observations	Months	Adj. R2
		(-3.29)	(-1.70)	(4.97)			
China	(8) SPI(t−1), lagged state, + controls + Board × YearFE	-0.132** (-2.34)	-0.102 (-1.34)	0.184** (2.13)	2723	149	0.546
U.S.	(1) Current SPI, current below-3,000 / bear state	-0.016 (-1.15)	0.072 (1.36)	0.038 (1.23)	2700	169	0.004
U.S.	(2) SPI(t-1), current below-3,000 / bear state	-0.012 (-1.53)	0.051 (1.02)	0.087*** (2.86)	2694	168	0.009
U.S.	(3) Current SPI, lagged below-3,000 / bear state	-0.006 (-0.43)	0.025 (0.38)	-0.018 (-0.64)	2694	168	-0.000
U.S.	(4) SPI(t-1), lagged below-3,000 / bear state	0.006 (0.40)	0.001 (0.02)	0.001 (0.04)	2694	168	-0.001

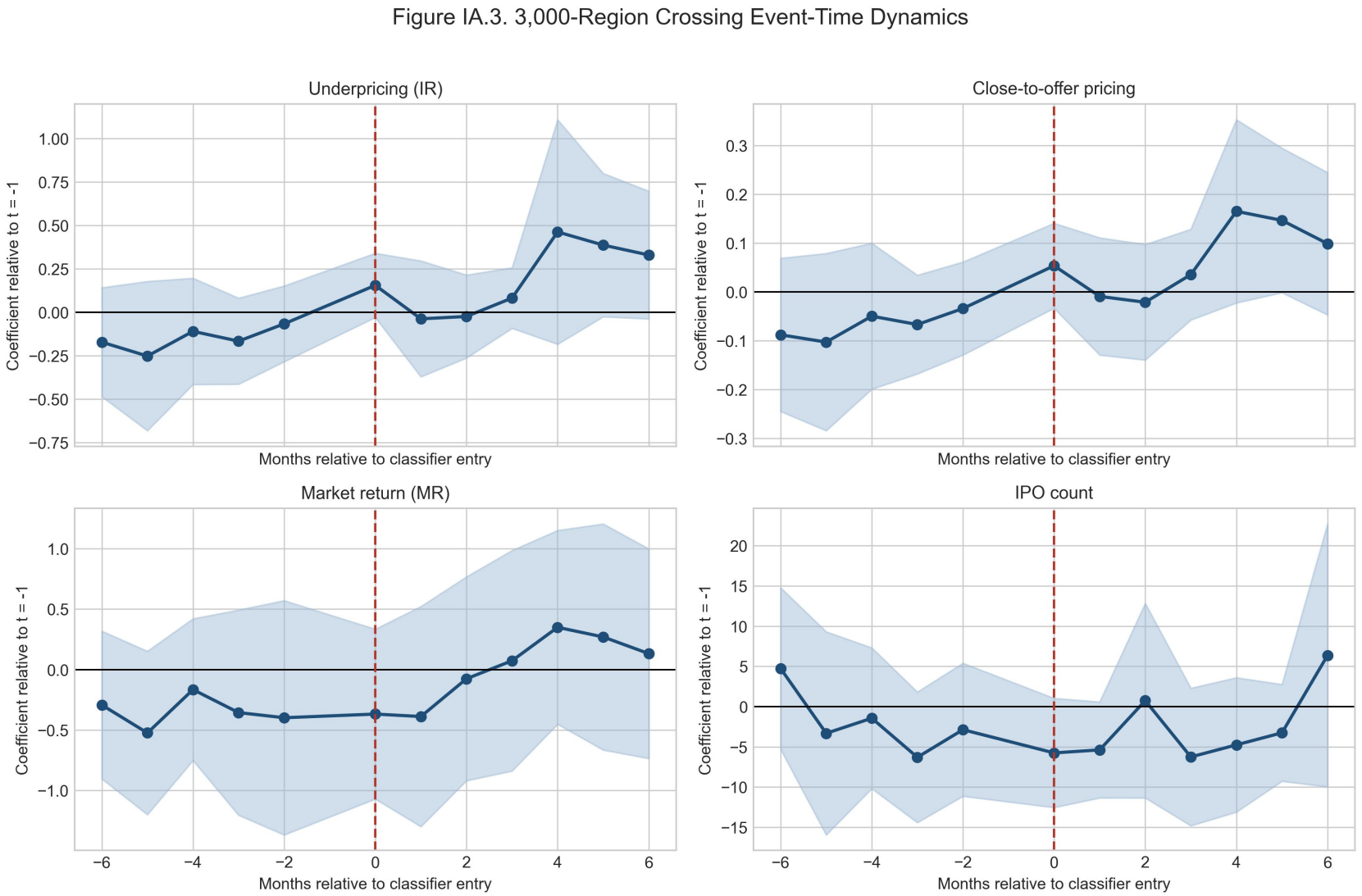
Notes: Panel A excludes documented freeze and tightening windows. Panel B reports lead placebo tests. Panel C reports lagged timing checks. These specifications test whether the baseline relation is driven by issuance freezes, anticipatory timing, or state measurement choices. Coefficients are reported with t-statistics in parentheses

Table IA.14. 3,000-Region Crossing Event-Time Summary

Relative month	IR	MR	IMR	Retail demand	Online share	Ln(Close/Offer)	IPO count
-6	0.602	1.524	-0.925	7.474	0.687	0.412	24.143
-5	0.599	0.899	-0.3	7.761	0.788	0.427	17.167
-4	0.67	1.667	-0.947	7.474	0.722	0.453	18.714
-3	0.613	1.477	-0.865	7.415	0.751	0.435	13.857
-2	0.713	1.435	-0.666	7.743	0.732	0.468	17.286
-1	0.721	2.126	-1.393	7.464	0.794	0.48	19.25
0	0.876	1.758	-0.846	7.48	0.755	0.534	13.5
1	0.683	1.738	-1.054	7.71	0.789	0.471	13.875
2	0.696	2.05	-1.354	7.412	0.727	0.459	20.0
3	0.803	2.199	-1.256	7.594	0.794	0.515	13.0
4	1.183	2.476	-1.064	7.668	0.771	0.645	14.5
5	1.108	2.396	-1.103	7.732	0.78	0.626	16.0
6	1.051	2.258	-1.165	7.75	0.716	0.579	25.625

Notes: Relative month indexes event time around 3,000-region crossing events. Outcomes are defined in the table columns and summarize the price and issuance environment around classifier transitions. The event-time patterns are descriptive and do not identify a discontinuous treatment effect at 3,000.

Figure IA.3. 3,000-Region Crossing Event-Time Dynamics



Notes: Event time is centered on 3,000-region crossings. The figure shows how pricing and issuance outcomes evolve before and after the crossing month. The patterns are descriptive and are not interpreted as a discontinuity design.

Table IA.15. Economic-Magnitude Check

Panel	Group/state	Normal-state SPI slope beta	Incremental weak-state slope delta	Weak-state total slope beta+delta	Two-SD incremental effect	Mean below-state proceeds (RMB mil.)	Incremental money-left translation (RMB mil.)	Incremental pct. of proceeds
Panel A	China preferred controlled sample	-0.129	0.230	0.102	0.461	957.6	441.1	46.1%
Panel A	U.S. baseline	-0.016	0.038	0.022	0.077			
Panel B	Main Board below-3,000 months	-0.022	0.059	0.037	0.118	1,170.2	138.0	11.8%
Panel B	ChiNext below-3,000 months	-0.286	0.233	-0.053	0.466	561.0	261.7	46.6%
Panel B	STAR below-3,000 months	0.010	0.203	0.213	0.406	1,132.1	459.7	40.6%
Panel C	Earlier rule cells, below-3,000 months	0.007	-0.003	0.005	-0.005	931.5	-4.7	-0.5%
Panel C	Later rule cells, below-3,000 months	-0.229	0.442	0.213	0.884	1,071.2	946.6	88.4%

Notes: The table translates estimated slopes into proceeds-scale economic magnitudes for the indicated groups or states. These are back-of-the-envelope proceeds-scale translations of return coefficients, not counterfactual issuer-loss or welfare estimates

Table IA.16. Medium-Horizon and Ratio Return Decompositions

Panel A. Medium-Horizon Return Decomposition: MR and IMR

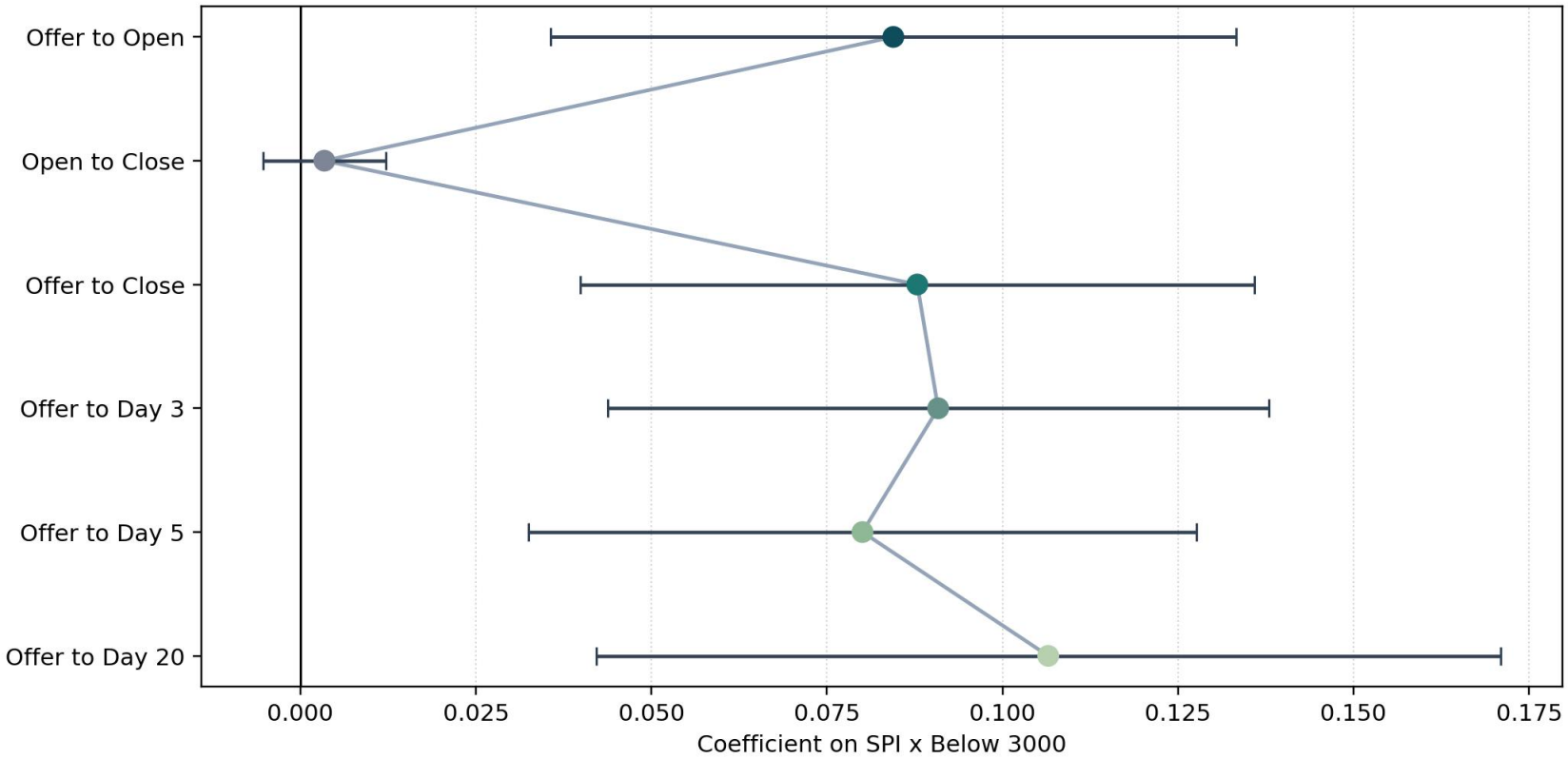
Variable	(1) IR	(2) MR (21-day fundamental component)	(3) IMR (21-day overreaction component)
SPI	-0.312*** (-3.93)	-0.152 (-0.84)	-0.160 (-0.80)
Below 3,000	-0.309*** (-2.88)	-0.235 (-0.79)	-0.074 (-0.25)
SPI × Below 3,000	0.345*** (2.69)	-0.084 (-0.26)	0.429 (1.45)
Observations	3437	3437	3437
Adj. R2	0.048	0.016	0.010

Panel B. RFV / RO Decomposition

Variable	(1) RFV	(2) RO
SPI	-0.144 (-0.74)	0.144 (0.74)
SPI × Below 3,000	0.324 (1.23)	-0.324 (-1.23)
Observations	2744	2744
Adj. R2	0.508	0.508

Notes: Panel A reports medium-horizon return decompositions using MR and IMR outcomes. Panel B reports ratio-return decomposition checks. The table evaluates whether the opening-price result is reversed over subsequent horizons or under alternative return transformations. Coefficients are reported with t-statistics in parentheses.

Figure IA.4. Opening-Gap Relation and Early Aftermarket Dynamics



Notes: The figure separates the opening-gap relation from immediate post-open aftermarket dynamics. It traces whether the baseline offer-to-open response is undone during early trading after the opening price. The evidence is an early-aftermarket scope check, not a separate identification design.

Table IA.17. Lottery-Oriented Heterogeneity

Panel	Variable	Lower lottery-appeal IPOs	Higher lottery-appeal IPOs	Full sample
Panel A. Ex-ante lottery-appeal subsamples	SPI	-0.083* (-1.77)	-0.112** (-2.03)	
	SPI × Below 3,000	0.158** (2.47)	0.190** (2.15)	
	Net SPI slope during below-3,000 months	0.075* (1.78)	0.078 (1.28)	
	Observations	738	1037	
	Months	134	140	
	Adj. R2	0.371	0.695	
Panel B. Ex-ante lottery IPO interaction	SPI			-0.061 (-1.12)
	SPI × Below 3,000			0.189*** (2.72)
	SPI × Below 3,000 × Lottery IPO			0.108 (1.30)
	Net SPI slope during below-3,000 months for lottery IPOs			0.297*** (3.56)
	Observations			2744
	Months			150
	Adj. R2			0.556

Notes: Lottery-oriented splits are ancillary scope checks motivated by lottery-demand evidence (Kumar, 2009; Bali, Cakici, and Whitelaw, 2011; Green and Hwang, 2012). IPOs are split by the indicated appeal measures; coefficients are reported with t-statistics in parentheses.

Table IA.18. Attention and Leverage-Capacity Evidence

Panel A. BBS Attention

Specification	SPI	Below 3,000	SPI × Below 3,000	Months	Adj. R2
(1) Ln(1+Posts)	0.032 (0.52)	-0.689 (-4.10)	-0.090 (-0.54)	153	0.336
(2) Ln(1+Reads)	-0.067 (-0.48)	-0.160 (-0.82)	-0.090 (-0.41)	153	0.035
(3) Ln(1+Comments)	-0.049 (-0.52)	-0.247 (-1.91)	0.030 (0.28)	153	0.079
(4) Negative-share	0.001 (0.24)	0.018 (1.71)	0.010 (0.80)	153	0.161

Panel B. Leverage Capacity

Specification	SPI	Below 3,000 / Bear market	SPI × Below 3,000 / SPI × Bear market	Months	Adj. R2
China: Ln(Margin Balance)	-0.098** (-2.25)	-1.086*** (-4.35)	-0.078 (-0.37)	162	0.392
China: Ln(Total Balance)	-0.094** (-2.06)	-1.105*** (-4.41)	-0.082 (-0.39)	162	0.397
China: New-margin / turnover	0.113	23.638***	0.390	162	0.265

Specification	SPI	Below 3,000 / Bear market	SPI × Below 3,000 / SPI × Bear market	Months	Adj. R2
	(0.44)	(3.52)	(0.09)		
U.S.: Ln(Debit Balances)	-0.076* (-1.90)	-0.057 (-0.59)	0.143*** (2.82)	171	0.050
U.S.: Ln(Free Credit Cash)	-0.018 (-0.65)	0.061 (1.06)	0.105*** (2.76)	171	0.084
U.S.: Ln(Free Credit Margin)	-0.024* (-1.67)	-0.010 (-0.36)	0.019 (0.93)	171	0.021

Notes: Panel A uses BBS attention proxies; Panel B uses China and U.S. leverage-capacity proxies. These ancillary checks are motivated by attention/search and retail-risk-bearing evidence (Yuan, 2015; Liu, Peng, and Tang, 2023; Barber et al., 2022; Shen et al., 2022; Bian et al., 2025) and do not identify the absorbing margin. Coefficients are reported with t-statistics in parentheses.、

Table IA.19. Online Share Allocation Checks

Panel A. Descriptive means by market state

Sample	Above-3000 mean	Below 3,000 mean	Below minus above	Above-3000 IPOs	Below 3,000 IPOs
All China IPOs	0.718	0.754	0.036	2559	878
Pre-registration only	0.899	0.826	-0.073	1408	708
Post-registration only	0.496	0.454	-0.042	1151	170
Main Board	0.887	0.829	-0.059	1209	458
ChiNext	0.697	0.795	0.098	878	309
STAR	0.323	0.333	0.010	472	111

Panel B. Selection-style regressions

Specification	Dependent variable	Below 3,000 coef. (t)	SPI × Below 3,000 coef. (t)	Observations	Months	Adj. R2
Raw difference	Online Share	0.036 (1.44)		3437	151	0.004
BoardYear FE difference	Online Share	0.022 (1.43)		3437	151	0.754
Controlled state-selection check	Online Share	0.024* (1.94)	0.006 (0.65)	3335	151	0.855

Panel C. Joint Online Share and Post-2019 checks

Specification	Outcome	SPI × Below 3,000 × Online Share	SPI × Below 3,000 × Post2019	SPI × Below 3,000 × Online Share × Post2019	Observations	Months	Adj. R2
Simple joint specification	IR_w	-0.603*** (-2.88)	0.095 (1.25)		3335	151	0.517
Fully interacted joint specification	IR_w	-0.281 (-0.66)	0.339 (0.82)	-0.347 (-0.75)	3335	151	0.518
Simple joint specification	ln(Open/Offer)	-0.258*** (-3.01)	0.011 (0.30)		3335	151	0.627
Fully interacted joint specification	ln(Open/Offer)	0.023 (0.10)	0.253 (1.19)	-0.293 (-1.26)	3335	151	0.627

Notes: Panel A reports descriptive online-share allocation means by market state. Panel B reports online-share allocation specifications. The table evaluates whether allocation margins alone explain the weak-state pricing relation. Coefficients are reported with t-statistics in parentheses.

Table IA.20. China Board and Initial-Aftermarket-Latitude Heterogeneity

Panel A. China Board Heterogeneity

Variable	MainBoard	ChiNext	STAR
SPI	-0.022 (-0.92)	-0.286*** (-3.70)	0.010 (0.10)
Below 3,000	-0.071 (-1.23)	-0.094 (-0.70)	-0.049 (-0.18)
SPI × Below 3,000	0.059 (1.41)	0.233** (2.17)	0.203* (1.72)
Observations	1281	935	528
Adj. R2	0.398	0.662	0.432

Panel B. Pooled market-oriented-board amplification

SPI × Below 3,000 × Market-oriented board	**0.306*** (3.05)**	**Wild-cluster p = 0.057**	**Month clusters = 150**
Observations	2744	Market-oriented board = ChiNext or STAR	

Panel C. First-Five-Day No Daily Price Limit

Panel	Board	No daily price limit starts	Limited obs.	No-limit obs.	Total	Outcome	Coef.	t-stat	Wild p	Obs.	Month clusters
A. Sample support	Main Board	Apr. 10, 2023	1,205	76	1,281						
A. Sample support	ChiNext	Aug. 24, 2020	476	459	935						
A. Sample support	STAR	Jul. 22, 2019	0	528							
A. Sample support	Total		1,681	1,063	2,744						
B. Pooled triple interaction		IR_w	0.445***	3.74	0.030	2,744	150				
B. Pooled triple interaction		ln(Open/Offer)	0.299***	3.96	0.022	2,704	145				
B. Pooled triple interaction		Market-adjusted ln(Open/Offer)	0.294***	3.79	0.028	2,704	145				
B. Pooled triple interaction		ln(Close/Open)	-0.006	-0.32	0.784	2,704	145				

Notes: Panel A reports board-specific pricing sensitivities. Panel B reports the pooled market-oriented-board amplification test. Panel C reports the first-five-day no-daily-price-limit boundary. The table is interpreted as institutional-boundary evidence because board, rule regime, and calendar time are not independently assigned. Coefficients are reported with t-statistics in parentheses.

Table IA.21. Post-2020 and Post-Registration Split Samples

Row	Pre-2020	Post-2020	Pre-registration	Post-registration
IR baseline	-0.032 (-0.77)	0.384*** (3.88)	-0.020 (-0.53)	0.565*** (4.71)
IR controlled	0.064 (1.35)	0.190*** (2.63)	0.018 (1.21)	0.249** (2.43)
ln(Close/Offer), wins.	0.042 (1.55)	0.069** (2.33)	0.016 (1.43)	0.088** (2.36)
MR	0.139 (0.42)	0.237*** (3.42)	0.401 (1.61)	0.089 (1.25)
IMR	-0.077 (-0.23)	-0.048 (-0.65)	-0.384 (-1.51)	0.172* (1.80)
Observations (IR baseline)	1598	1839	2116	1321
Observations (IR controlled)	1399	1345	1681	1063
Observations (ln(Close/Offer), wins.)	1399	1345	1681	1063
Observations (MR)	1399	1345	1681	1063
Observations (IMR)	1399	1345	1681	1063
Adj. R2 (IR baseline)	0.001	0.048	0.010	0.066
Adj. R2 (IR controlled)	0.365	0.522	0.244	0.539
Adj. R2 (ln(Close/Offer), wins.)	0.455	0.586	0.396	0.621
Adj. R2 (MR)	0.589	0.345	0.564	0.387
Adj. R2 (IMR)	0.570	0.225	0.535	0.128

Notes: Rows split the pricing relation by post-2020 and post-registration periods. Estimates are interpreted as sample-split evidence because board, rule regime, issuer composition, and calendar time move together. Coefficients are reported with t-statistics in parentheses.

Table IA.22. Monthly Regulatory Pipeline Margins

Outcome	SPI	Below 3,000	SPI × Below 3,000	Months
ln(1 + Review meetings)	0.236*** (3.95)	-0.414*** (-4.56)	-0.286*** (-2.94)	144
ln(1 + Approval count), best available	0.274*** (3.91)	-0.660*** (-6.06)	-0.230 (-1.50)	150
ln(1 + Approval count), public exact	0.285*** (3.65)	-0.837*** (-4.67)	-0.286* (-1.71)	73
ln(1 + Queue stock), public window	0.030 (0.52)	-0.911*** (-4.36)	-0.324*** (-2.69)	76
Pass rate, weighted by reviewed firms	-0.013* (-1.80)	-0.030 (-1.64)	-0.045 (-1.33)	144

Notes: Outcomes are monthly review, approval, and queue-stock measures. Coefficients describe how regulatory-pipeline margins vary with SPI, Below 3,000, and their interaction. Coefficients are reported with t-statistics in parentheses.

Table IA.22A. HAC/Newey-West Inference for Monthly Regulatory-Pipeline Margins

Outcome	Months	HAC lags	SPI × Below 3,000 (HC1)	SPI × Below 3,000 (HAC)
ln(1 + Review meetings)	144	4	-0.286*** (-2.94)	-0.286** (-2.48)

ln(1 + Approval count), best available	150	4	-0.230 (-1.50)	-0.230 (-1.58)
ln(1 + Approval count), public exact	73	3	-0.286* (-1.71)	-0.286* (-1.93)
ln(1 + Queue stock), public window	76	3	-0.324*** (-2.69)	-0.324** (-2.04)

Notes: The table re-estimates the monthly regulatory-pipeline regressions from Table IA.22 using Newey-West/HAC covariance. The lag length follows the automatic rule floor(4*(T/100)^(2/9)), giving four lags for the 144- and 150-month samples and three lags for the 73- and 76-month samples. Coefficients are reported with t-statistics in parentheses.

Table IA.23. Registration Composition and Within-Board Checks

Panel A. Pre- versus Post-Registration Sample Composition

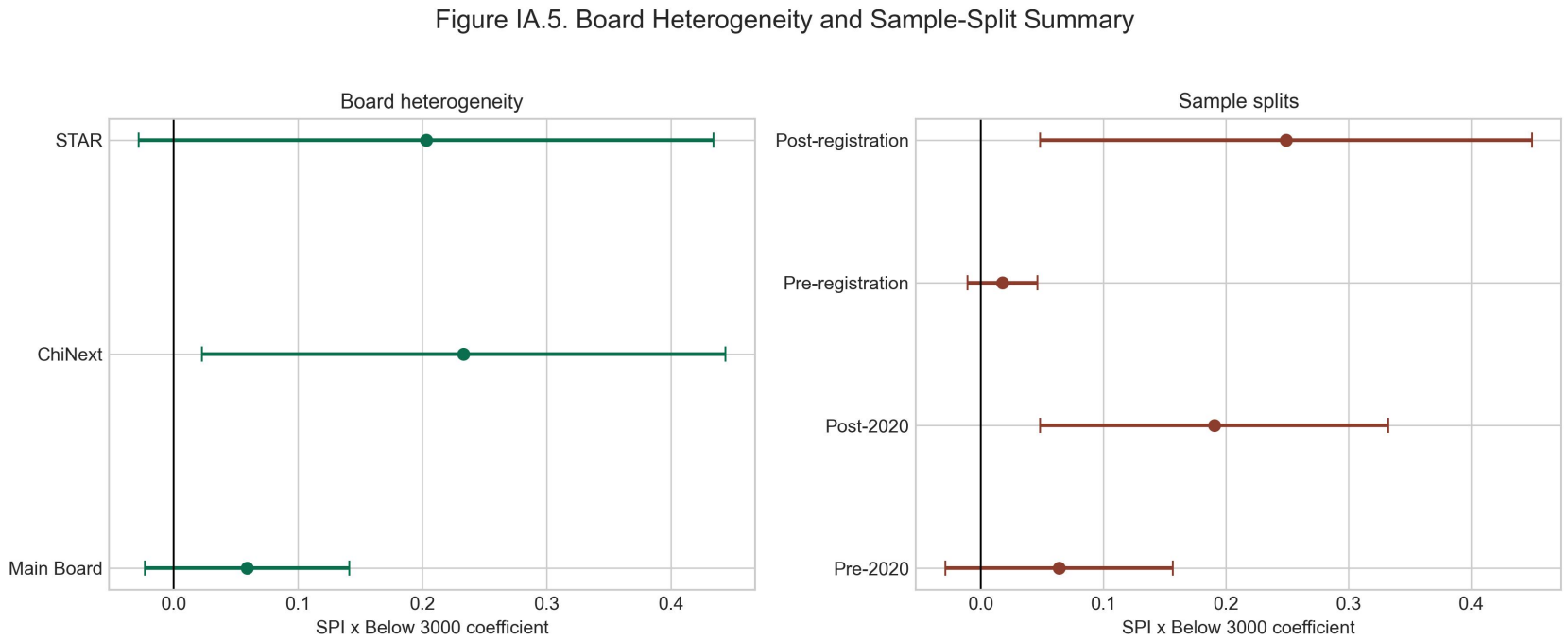
Variable	Pre-registration	Post-registration	Difference (post-pre)
Offer Price	16.163	34.219	18.056*** (15.99)
ln(1+Issue Size)	6.345	6.757	0.412*** (13.66)
ln(RelPE)	-0.419	0.138	0.557*** (21.80)
Online Share	0.863	0.409	-0.454*** (-110.07)
Retail Demand	6.707	8.140	1.434*** (34.05)
Main Board share	0.717	0.071	-0.645*** (-47.66)
ChiNext share	0.283	0.432	0.149*** (7.92)
STAR share	0.000	0.497	0.497*** (32.37)
Observations	1681	1063	

Panel B. Within-Board Registration Checks

Variable	Main Board	ChiNext	Main Board + ChiNext
SPI × Below 3,000	0.012 (0.94)	0.066 (1.23)	0.010 (0.23)
SPI × Below 3,000 × PostReg	0.734* (1.70)	0.057 (0.12)	0.182 (0.50)
Observations	1281	935	2216
Months	146	140	149
Adj. R2	0.444	0.673	0.584

Notes: Panel A reports pre- versus post-registration sample composition. Panel B reports within-board registration checks. These tests document whether registration-period composition or within-board shifts account for the baseline pricing relation. Coefficients are reported with t-statistics in parentheses.

Figure IA.5. Board Heterogeneity and Sample-Split Summary



Notes: Point estimates and intervals correspond to board-period and sample-split specifications in the surrounding appendix tables. The figure summarizes institutional-boundary patterns; it is not interpreted as a standalone reform treatment.

Table IA.24. U.S. Regime Robustness and Return-Sample Construction

Panel A. U.S. Regime Robustness

Index	SPI	Below MA200	SPI × Below MA200	Observations	Months	Adj. R2
S&P 500 MA200	-0.017 (-1.17)	0.065 (1.24)	0.045 (1.42)	2700	169	0.004
Nasdaq MA200	-0.015 (-1.01)	0.060 (1.10)	0.015 (0.53)	2700	169	0.002
Dow MA200	-0.012 (-0.83)	0.061 (1.44)	0.001 (0.06)	2700	169	0.002

Panel B. U.S. Return-Sample Construction

Step	Definition	Remaining N	Listings lost
Sample-window listings	All U.S. listings in the April 2011-June 2025 sample window	3,169	0
Less: no usable offer price	Offer-to-close return outcomes cannot be constructed	2,700	469
Return-eligible U.S. sample	IR, ln(1+IR), and ln(Close/Offer) observed; Year also observed	2,700	0

Notes: Panel A varies U.S. market-state definitions and window choices; Panel B reconciles the U.S. return sample. The U.S. tests provide an external benchmark in a market with more flexible offer revision and deal timing, not a separate cross-country identification design. Coefficients are reported with t-statistics in parentheses.

Table IA.25. Formal China-U.S. Interaction-Difference Test

Comparison	China interaction	U.S. interaction	Difference (China - U.S.)	Diff. SE	z-stat	p-value	Comment
Main-text benchmark	0.230	0.038	0.192	0.071	2.71	0.007	Preferred China control set versus baseline U.S. bear-state regression.
Harmonized no-control baseline	0.311	0.038	0.272	0.122	2.22	0.026	No IPO-level controls in either country.
Benchmark-state joint benchmark	0.246	0.035	0.212	0.067	3.16	0.002	Preferred China benchmark-state model from main Table 5; U.S. benchmark-state model from Internet Appendix Table IA.3 Panel A.

Notes: China and U.S. interaction estimates are shown alongside their difference, standard error, t-statistic, and p-value. The comparison is an external benchmark, not a separate cross-country identification design.

Table IA.26. U.S. Window and IPO-Count Supply Checks

Panel A. U.S. Window Checks

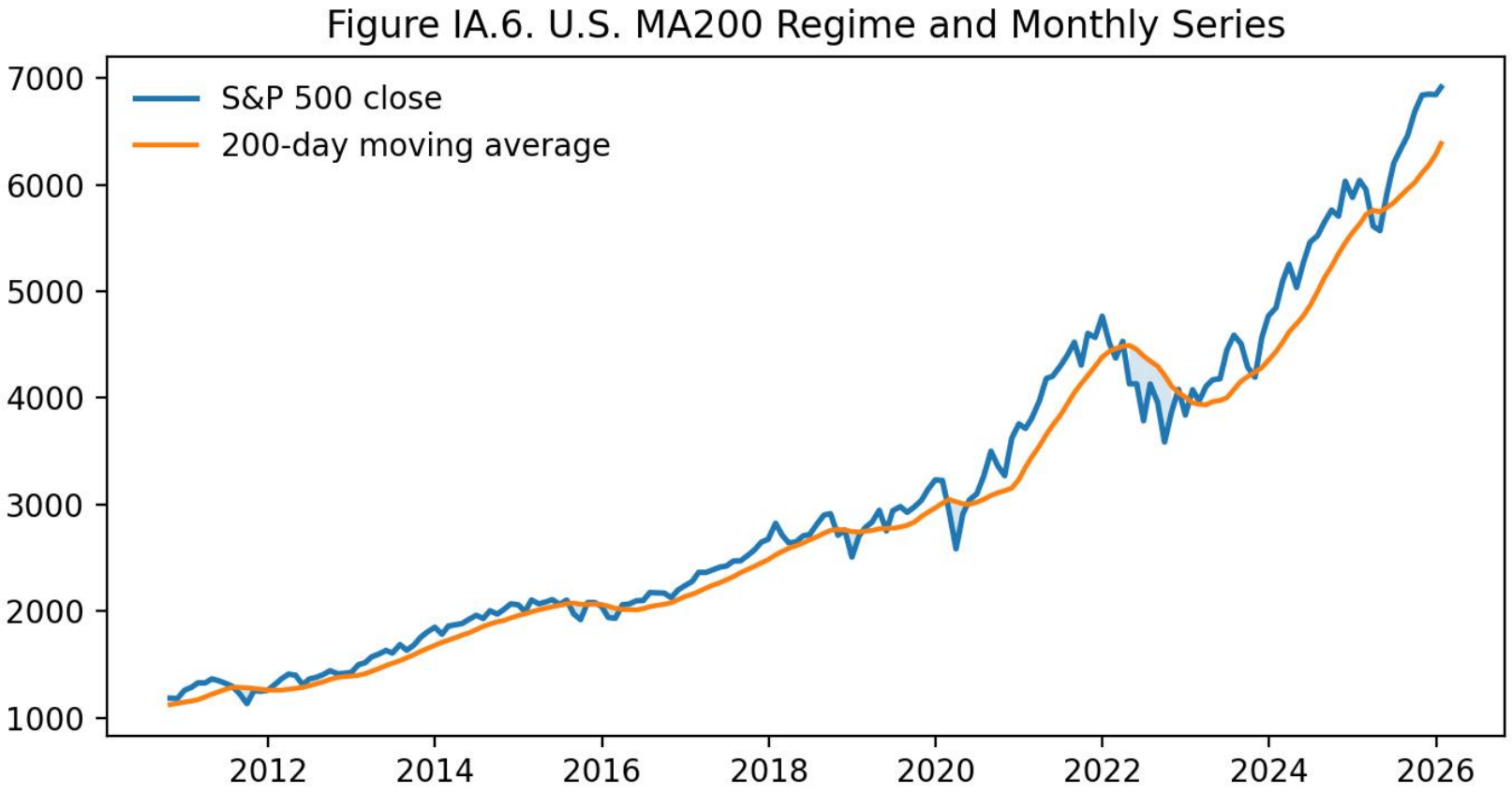
Bandwidth (%)	months	Observations	Normal SPI slope	SPI × Below MA200	Adj. R2
0.02	25	310	-0.030** (-1.98)	0.014 (0.74)	-0.004
0.03	40	531	-0.034** (-2.43)	0.016 (0.81)	0.003
0.05	68	905	-0.032*** (-2.65)	0.020 (1.18)	0.005
0.075	118	1618	-0.030** (-2.52)	0.017 (1.07)	0.003
0.1	141	1967	-0.031*** (-2.79)	0.055* (1.65)	0.008

Panel B. U.S. IPO Count Supply

Specification	Dependent variable	SPI	Bear market	SPI × Bear market	Monthly observations	Months	Adj. R2	Below MA200	SPI × Below MA200
(1) Bear_m	ln(1+Monthly IPO count)	-0.190*** (-3.71)	-0.330** (-2.47)	0.315*** (2.97)	170	170	0.094		
(2) S&P 500 MA200	ln(1+Monthly IPO count)	-0.199*** (-3.90)			170	170	0.101	-0.331** (-2.57)	0.319*** (3.20)

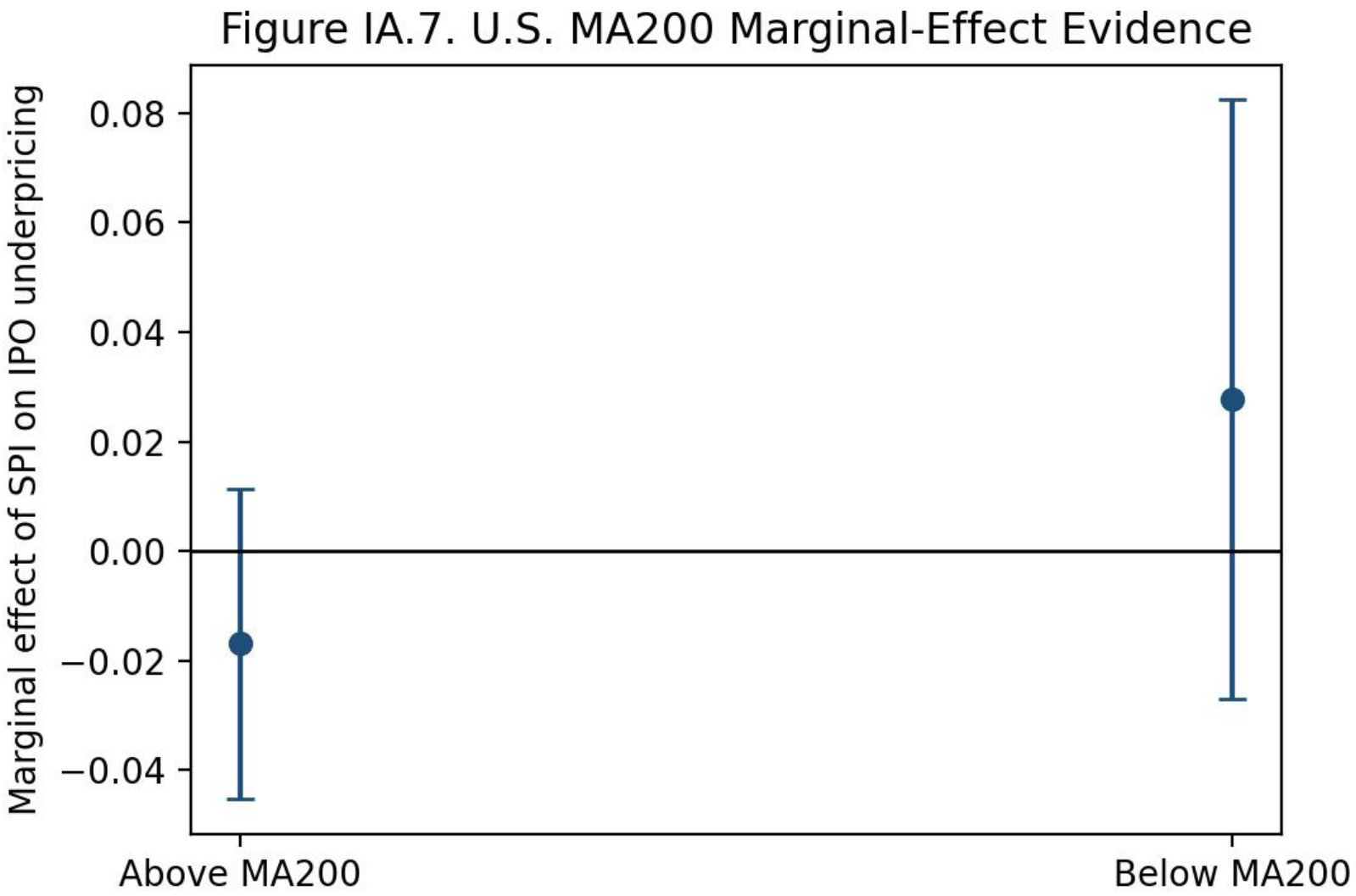
Notes: Panel A reports U.S. moving-average window checks. Panel B reports U.S. IPO-count supply checks. The specifications test whether the U.S. benchmark results depend on the market-state window or on monthly IPO supply. Coefficients are reported with t-statistics in parentheses.

Figure IA.6. U.S. Regime and Monthly Series



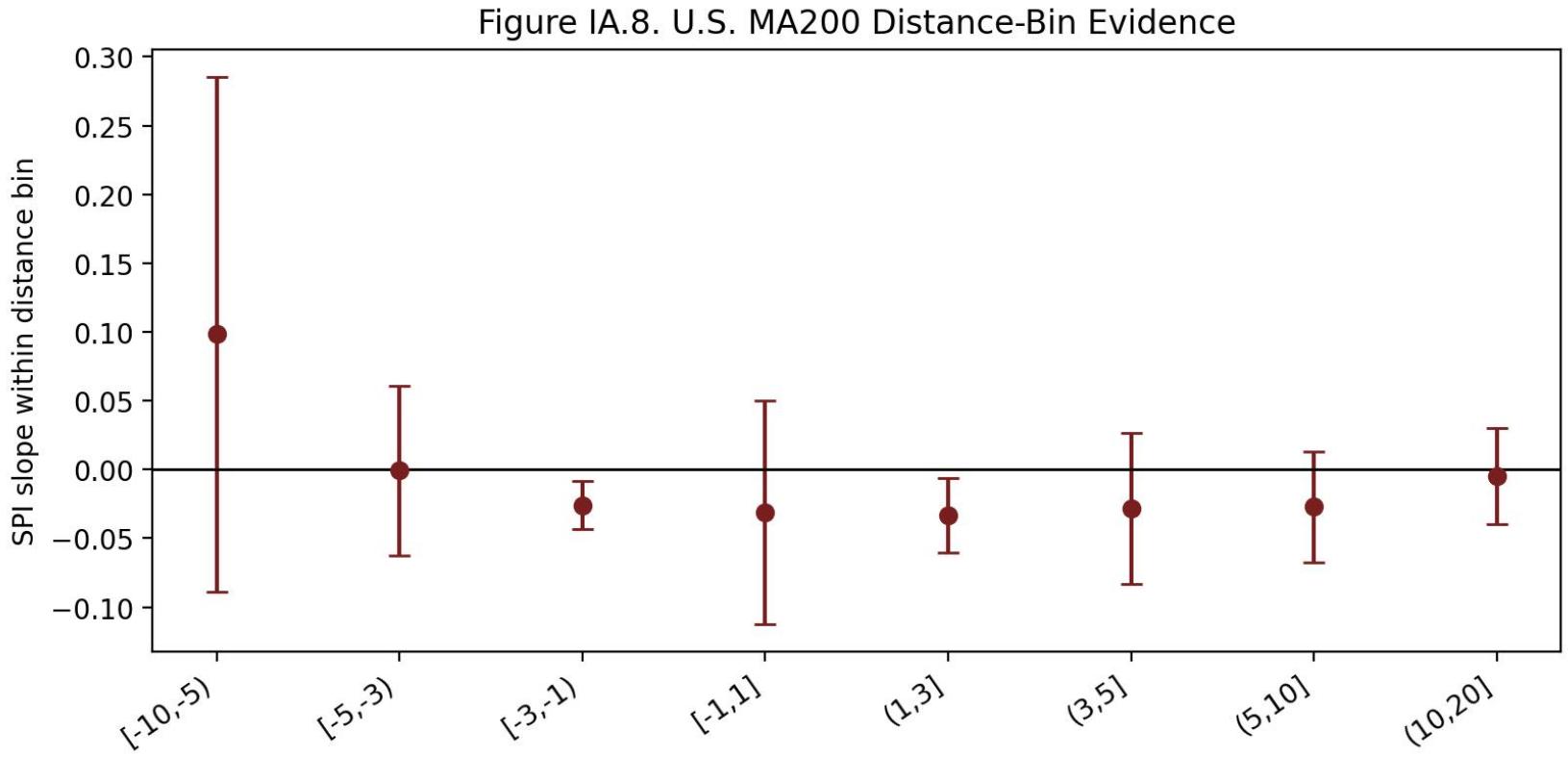
Notes: The figure plots the U.S. market-state classification and monthly IPO pricing environment used in the external benchmark. The series define the U.S. comparison sample rather than a cross-country causal design.

Figure IA.7. U.S. Marginal-Effect Evidence



Notes: Plotted estimates summarize U.S. marginal effects across market-state definitions. The figure assesses whether the U.S. benchmark exhibits a state-contingent opening-price relation comparable to the China result.

Figure IA.8. U.S. Distance-Bin Evidence



Notes: Bins are formed by distance from the relevant U.S. market-state threshold. Estimates summarize the pricing relation within those bins and complement the U.S. regime and marginal-effect checks.

Table IA.27. 3,000-Region Crossing Event-Study Coefficients

outcome	rel_month	Estimate	Observations
IR_w	-6	-0.173 (-1.08)	98
IR_w	-5	-0.252 (-1.15)	98
IR_w	-4	-0.110 (-0.71)	98
IR_w	-3	-0.167 (-1.32)	98
IR_w	-2	-0.067 (-0.60)	98
IR_w	0	0.155 (1.64)	98
IR_w	1	-0.038 (-0.22)	98
IR_w	2	-0.024 (-0.20)	98
IR_w	3	0.082 (0.92)	98
IR_w	4	0.462 (1.40)	98
IR_w	5	0.387* (1.84)	98
IR_w	6	0.330* (1.76)	98
MR	-6	-0.293 (-0.94)	98
MR	-5	-0.524 (-1.52)	98
MR	-4	-0.166 (-0.55)	98
MR	-3	-0.356 (-0.82)	98
MR	-2	-0.399 (-0.81)	98
MR	0	-0.368 (-1.03)	98
MR	1	-0.389 (-0.84)	98
MR	2	-0.076 (-0.18)	98
MR	3	0.073 (0.16)	98
MR	4	0.350	98

outcome	rel_month	Estimate	Observations
		(0.85)	
MR	5	0.270 (0.57)	98
MR	6	0.132 (0.30)	98
IMR	-6	0.096 (0.34)	98
IMR	-5	0.237 (0.74)	98
IMR	-4	0.084 (0.28)	98
IMR	-3	0.167 (0.39)	98
IMR	-2	0.365 (0.71)	98
IMR	0	0.547 (1.51)	98
IMR	1	0.339 (0.77)	98
IMR	2	0.039 (0.10)	98
IMR	3	0.137 (0.30)	98
IMR	4	0.329 (0.85)	98
IMR	5	0.291 (0.59)	98
IMR	6	0.228 (0.50)	98
RetailDemand	-6	0.004 (0.01)	98
RetailDemand	-5	0.232 (1.07)	98
RetailDemand	-4	-0.040 (-0.17)	98
RetailDemand	-3	-0.099 (-0.34)	98
RetailDemand	-2	0.229 (0.86)	98
RetailDemand	0	0.015 (0.06)	98
RetailDemand	1	0.246 (1.13)	98
RetailDemand	2	-0.052	98

outcome	rel_month	Estimate	Observations
		(-0.16)	
RetailDemand	3	0.130 (0.45)	98
RetailDemand	4	0.203 (0.81)	98
RetailDemand	5	0.267 (1.22)	98
RetailDemand	6	0.286 (1.02)	98
OnlineShare	-6	-0.084 (-1.63)	98
OnlineShare	-5	0.045 (0.93)	98
OnlineShare	-4	-0.050 (-1.08)	98
OnlineShare	-3	-0.021 (-0.59)	98
OnlineShare	-2	-0.040 (-0.96)	98
OnlineShare	0	-0.039 (-0.97)	98
OnlineShare	1	-0.005 (-0.11)	98
OnlineShare	2	-0.066 (-1.17)	98
OnlineShare	3	-0.000 (-0.00)	98
OnlineShare	4	-0.023 (-0.55)	98
OnlineShare	5	-0.013 (-0.32)	98
OnlineShare	6	-0.078* (-1.88)	98
ln_CloseOffer_w	-6	-0.088 (-1.10)	98
ln_CloseOffer_w	-5	-0.103 (-1.11)	98
ln_CloseOffer_w	-4	-0.050 (-0.65)	98
ln_CloseOffer_w	-3	-0.067 (-1.30)	98
ln_CloseOffer_w	-2	-0.034 (-0.70)	98
ln_CloseOffer_w	0	0.053	98

outcome	rel_month	Estimate	Observations
		(1.20)	
ln_CloseOffer_w	1	-0.009 (-0.15)	98
ln_CloseOffer_w	2	-0.021 (-0.35)	98
ln_CloseOffer_w	3	0.035 (0.74)	98
ln_CloseOffer_w	4	0.165* (1.72)	98
ln_CloseOffer_w	5	0.146* (1.94)	98
ln_CloseOffer_w	6	0.099 (1.33)	98
IPO_Count	-6	4.738 (0.92)	98
IPO_Count	-5	-3.314 (-0.51)	98
IPO_Count	-4	-1.436 (-0.32)	98
IPO_Count	-3	-6.293 (-1.52)	98
IPO_Count	-2	-2.865 (-0.68)	98
IPO_Count	0	-5.750* (-1.66)	98
IPO_Count	1	-5.375* (-1.77)	98
IPO_Count	2	0.750 (0.12)	98
IPO_Count	3	-6.250 (-1.43)	98
IPO_Count	4	-4.750 (-1.12)	98
IPO_Count	5	-3.250 (-1.06)	98
IPO_Count	6	6.375 (0.77)	98

Notes: Event-study coefficients are measured around 3,000-region crossing events. The raw event-time grid is included in the replication package and is not reproduced in the submission appendix. Relative-month indicators are measured around the crossing month; the evidence is descriptive, not a discontinuity design.

Table IA.28. Demand-Proxy and Legacy P/E Checks

Panel	Specification	Outcome	Coef. (t)	Wild p	N
A. Demand proxies	Quote/retail demand × weak state	ln(Offer PE / industry PE)	0.112(1.44)	0.391	2,701
A. Demand proxies	Quote/retail demand × weak state	Market-adjusted ln(Open/Offer)	-0.032(-1.04)	0.474	2,758
A. Demand proxies	WRDS inquiry demand × weak state	ln(Offer PE / industry PE)	0.129(1.12)	0.314	686
A. Demand proxies	WRDS inquiry demand × weak state	Market-adjusted ln(Open/Offer)	0.105(1.30)	0.237	733
B. legacy 23-times P/E check	legacy 23-times P/E IPOs	Market-adjusted ln(Open/Offer)	0.013(0.98)	0.361	1,118
B. legacy 23-times P/E check	Non-legacy 23-times P/E IPOs	Market-adjusted ln(Open/Offer)	0.034(0.73)	0.501	1,959
B. legacy 23-times P/E check	SPI × weak state × legacy 23-times P/E region	Market-adjusted ln(Open/Offer)	-0.047(-1.06)	0.330	3,077

Notes: Specifications use the demand-proxy and legacy P/E outcomes shown in the table body. These checks assess whether demand pressure or proximity to the legacy valuation-benchmark region subsumes the baseline weak-state pricing relation. Coefficients are reported with t-statistics in parentheses.

Table IA.29. Summary Statistics

Sample	Variable	Mean	Std. Dev.	Min	Median	Max	N
China IPO	Initial return	0.754	1.003	-0.186	0.440	5.799	3437
China IPO	SPI	0.082	0.993	-2.726	0.122	5.155	3437
China IPO	Below 3,000	0.255	0.436	0.000	0.000	1.000	3437
China IPO	Offer price	23.28	25.16	1.22	16.51	557.80	3437
China IPO	ln(Open/Offer)	0.396	0.424	-0.378	0.201	2.444	3437
China IPO	ln(Close/Open)	0.068	0.141	-0.482	0.086	1.547	3437
China IPO	ln(Close/Offer)	0.464	0.420	-0.447	0.365	3.017	3437
China IPO	MR	1.565	1.860	-0.450	0.964	12.800	3437
China IPO	IMR	-0.777	1.868	-7.390	-0.118	13.432	3437
China IPO	ln(RelPE)	-0.252	0.641	-2.230	-0.317	4.225	3335
China IPO	Online Share	0.727	0.252	0.150	0.900	1.000	3437
China IPO	Retail demand	7.252	1.625	0.423	7.929	9.311	3437
China IPO	ln(1+Quote multiple)	6.838	1.640	1.482	7.493	8.861	2801
China IPO	ln(1+Quote firms)	7.907	1.767	3.332	8.696	9.640	2808
China monthly	ln(1 + Review meetings)	2.059	0.588	0.693	2.197	3.045	147
China monthly	Approval count, best available	18.54	12.63	1.00	15.00	53.00	153
China monthly	ln(1 + Queue stock)	6.023	0.789	3.296	6.294	6.886	78

Notes: Summary statistics cover the main China, U.S., and monthly samples used in the analysis. Variables are defined in the manuscript and appendix text. N reports available observations after the relevant sample restrictions.