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Day Trader Behavior and Performance: Evidence from Taiwan Futures Market

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ABSTRACT

By using a unique data from the Taiwan futures market to identify each trader's trading records and focusing on the high-frequency day traders who trade at least 90 days over the sample year, this study closely examines their behaviors and performance. Day traders' performances are "risk-adjusted" and analyzed to identify behavioral biases and the resulting impact on performance. There is no evidence found that trading too much is detrimental to investment performance. The high-frequency day traders are more aware of the danger of behavioral biases and are as a result less prone to the disposition effect. Contrary to expectations, day traders in my study are shown to be non-loss averse. Most of our sample except for the highest performance quintile follow a momentum strategy.

KEYWORDS:

JEL classification:

G11

G14.

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Notes

- ¹. Randy Whitestone and Phil Serafino, Day Traders' Invasion, BLOOMBERG, May 1999.
- ². Britt Tunick, Day Traders Working Hard to Influence How the Profession is to be Defined, SEC. WEEK, May 24, 1999.
- ³. Examples include Black ([1986](#)), DeLong et al. ([1990](#)), Campbell and Kyle ([1993](#)), Campbell et al. ([2001](#)), and Scheinkman and Xiong ([2003](#)).

Additional information

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