



Journal of Behavioral Finance >

Volume 11, 2010 - Issue 2

1,882 | 32

Views | CrossRef citations to date | Altmetric

6

ARTICLES

Detecting Anchoring in Financial Markets

Jørgen Vitting Andersen

Pages 129-133 | Published online: 02 Jun 2010

Cite this article <https://doi.org/10.1080/15427560.2010.483186>

Sample our
Behavioral Sciences
Journals



>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

Full Article

Figures & data

References

Citations

Metrics

Reprints & Permissions

Read this article

Share

Abstract

Anchoring is a term used in psychology to describe the common human tendency to rely too heavily (anchor) on one piece of information when making decisions. Here a trading algorithm inspired by biological motors, introduced by L. Gil [2007], is suggested as a testing ground for anchoring in financial markets. An exact solution of the algorithm is presented for arbitrary price distributions. Furthermore the algorithm is extended to cover the case of a market neutral portfolio, revealing additional evidence that anchoring is involved in the decision making of market participants. The exposure of arbitrage possibilities created by anchoring gives yet another illustration on the difficulty proving market efficiency by only considering lower order correlations in past price time series.

Keywords:

Anchoring

Behavioral finance

Biological motors

Trading algorithm

Brownian motion

ACKNOWLEDGMENTS

The author is grateful to L. Gil for valuable discussions. The author would like to thank Julie Boudreau for help in editing of the manuscript and would like to thank the Collège Interdisciplinaire de la Finance for financial support.

Related Research Data

[The Neural Persistence of Memory: Retention Begins While You're Still Awake](#)

Source: PLoS Biology

[Are Investors Reluctant to Realize Their Losses?](#)

Source: SSRN Electronic Journal

[Anchoring and transaction utility: evidence from on-line auctions](#)

Source: Applied Economics Letters

[Aggregation of Information, Insider Trading and Liquidity in Experimental Call Markets](#)

Source: SSRN Electronic Journal

[The disposition effect in securities trading: an experimental analysis](#)

Source: Journal of Economic Behavior & Organization

[A SIMPLE ALGORITHM BASED ON FLUCTUATIONS TO PLAY THE MARKET](#)

Source: Fluctuation and Noise Letters

[Experts, amateurs, and real estate: An anchoring-and-adjustment perspective on property pricing decisions](#)

Source: Organizational Behavior and Human Decision Processes

Related research

People also read

Recommended articles

Cited by
32

Information for

Authors
R&D professionals
Editors
Librarians
Societies

Opportunities

Reprints and e-prints
Advertising solutions
Accelerated publication
Corporate access solutions

Open access

Overview
Open journals
Open Select
Dove Medical Press
F1000Research

Help and information

Help and contact
Newsroom
All journals
Books

Keep up to date

Register to receive personalised research and resources
by email

 Sign me up

  

  

Copyright © 2026 Informa UK Limited Privacy policy Cookies Terms & conditions

Accessibility



Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG