



Ca' Foscari
University
of Venice

**VENICE SCHOOL
OF MANAGEMENT**

VSM Lectures

San Giobbe Economic Campus, Venice



May 27th | Aula Saraceno | h. 12.30 – 14.00

Also online: <https://meet.google.com/sfi-pcqu-ewg>

Trading by Professional Traders

Antonio Guarino - Department of
Economics, University College London
(UCL)

Discussant

Prof.ssa Gloria Gardenal, Venice School of
Management, Ca' Foscari University of Venice

We study the behavior of professional traders in an experiment in which, endowed with private information, they trade an asset over multiple periods. Professional traders do not produce the price bubbles observed with student subjects and aggregate private information better; bubbles also do not arise in mixed markets with traders and students trading together. Professional traders exhibit higher strategic sophistication than students as measured by their Guessing Game choices. We link strategic sophistication to trading in the financial market, and show that traders with higher levels of strategic sophistication earn higher capital gains and trading profits.

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