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# Trading Behaviour of Finnish Households: Activity, Performance and Overconfidence<sup>1</sup>

## ABSTRACT

*One of the questions in recent stock market research has been the analysis of trading activity, and its profitability effects. It is hypothesized that investors trade excessively in the sense that their trading strategies underperform the passive "buy-and-hold" strategy. We have analysed the trading activity and portfolio performance of Finnish households from the beginning of July 1996 to the end of June 2000 with accurate data. We find that those who trade more perform worse than their less active associates. Men appear to be more active traders in terms of their portfolio turnover as well as their trading frequency. Also, the profitability of their trading is weaker than that of women. Finally, trading skills seem to get better with age.*

*JEL classification: D14; G19*

**Keywords:** trading activity; portfolio performance; overconfidence

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