Accepted Manuscript

A natural experiment for efficient markets: Information quality and influential agents

Brian M. Mills, Steven Salaga

PII: S1386-4181(18)30079-X

DOI: 10.1016/j.finmar.2018.07.002

Reference: FINMAR 466

To appear in: *Journal of Financial Markets*

Received Date: 19 March 2018

Revised Date: 9 July 2018

Accepted Date: 10 July 2018

Please cite this article as: Mills, B.M., Salaga, S., A natural experiment for efficient markets: Information quality and influential agents, *Journal of Financial Markets* (2018), doi: 10.1016/j.finmar.2018.07.002.

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

ACCEPTED MANUSCRIPT

A natural experiment for efficient markets: Information quality and influential agents

Brian M. Mills*, Steven Salaga**

Abstract

We test the integration of repeated decision making of influential agents in asset prices. Our approach exploits a natural experiment in the Major League Baseball (MLB) betting market, where umpire assignments are revealed only for certain games, using over 2.5 million decisions made by these officials. Estimations reveal only partial adjustment to information related to umpire behavioral heterogeneity. We show this is exploitable by informed bettors, providing advantages over more salient, lower quality information. These results suggest that underlying information on influential individual decision making can serve as a high quality indicator of asset values due to persistence across time.

Keywords: Market Efficiency, Betting Markets, Behavior, Baseball
JEL: G14, L83, Z2

ACCEPTED MANUSCRIPT

*Corresponding author. University of Florida, Department of Tourism, Recreation, & Sport Management, P.O. Box 118208, Gainesville, FL 32608. Tel: 352-294-1664. E-Mail: bmmillsy@hhp.ufl.edu.

**University of Georgia, Department of Kinesiology, 330 River Road, Athens, GA 30602. Tel: 706-254-1173. E-Mail: salaga@uga.edu.

Download English Version:

https://daneshyari.com/en/article/8948016

Download Persian Version:

https://daneshyari.com/article/8948016

Daneshyari.com