

Uninformative Feedback and Risk Taking: Evidence from Retail Forex Trading

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INTERNET APPENDIX

Internet Appendix Table A1. Main Tests with Three-Day Frequency

This table reports results from regressions in which the dependent variable measures the change in average trade size or change in trade size variability for trader i in the two-week period t relative to the three-day period $t - 1$. $Avg\ Trade\ Ret(t - 1)$ (%) is a continuous variable equal to the return of trader i in the two-week period $t - 1$, represented as percentage points. $I(Avg\ Trade\ Ret(t - 1) > 0)$ is an indicator variable taking a value of 1 when past value-weighted average returns are positive. The change in average trade size, the change in trade size variability, and the change in the number of trades, are represented as fractions. The regressions in Panel B include a third-degree polynomial of returns for the positive and for the negative domains, the coefficients of which are not reported. All regressions include week fixed effects. Trader fixed effects are included where noted. All regressions are OLS regressions. Standard errors are clustered at the trader and week level. t -statistics are in parentheses. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

Panel A: The Slopes of the Trading Patterns with Respect to Past Returns, around Zero Past Returns (Three-Day Frequency)

Dependent variable:	Change in Avg Trade Size (t)		Change in Trade Size Variability (t)		Change in Number of Trades (t)	
	(1)	(2)	(3)	(4)	(5)	(6)
	Avg Trade Ret (t-1) (%)	-0.22*** (-5.06)	-0.32*** (-6.78)	-0.10* (-1.63)	-0.29*** (-4.47)	-1.85*** (-13.91)
× I(Avg Trade Ret (t-1) > 0)	0.51*** (7.98)	0.70*** (9.64)	0.35*** (3.28)	0.71*** (6.32)	3.64*** (12.84)	6.47*** (19.69)
I(Avg Trade Ret (t-1) > 0)	0.07*** (6.65)	0.09*** (7.80)	0.16*** (14.17)	0.20*** (16.17)	0.46*** (18.41)	0.64*** (23.50)
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	No	Yes	No	Yes	No	Yes
Obs	78,161	78,161	56,407	56,407	78,161	78,161
R ²	0.011	0.013	0.050	0.052	0.080	0.097

Panel B: The Discontinuity in the Trading Patterns with Respect to Past Returns, around Zero Past Returns (Three-Day Frequency)

Dependent variable:	Change in Avg Trade Size (t)		Change in Trade Size Variability (t)		Change in Number of Trades (t)	
	(1)	(2)	(3)	(4)	(5)	(6)
	I(Avg Trade Ret (t-1) > 0)	0.09*** (5.71)	0.10*** (6.94)	0.16*** (11.40)	0.18*** (12.35)	0.67*** (20.25)
3rd degree polynomial	Yes	Yes	Yes	Yes	Yes	Yes
× I(Avg Trade Ret (t-1) > 0)	Yes	Yes	Yes	Yes	Yes	Yes
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	No	Yes	No	Yes	No	Yes
Obs	78,161	78,161	56,407	56,407	78,161	78,161
R ²	0.011	0.013	0.050	0.052	0.083	0.103

Internet Appendix Table A2. Main Tests with Two-Week Frequency

This table reports results from regressions in which the dependent variable measures change in average trade size or change in trade size variability for trader i in the two-week period t relative to the two-week period $t - 1$. $Avg\ Trade\ Ret(t - 1)$ (%) is a continuous variable equal to the return of trader i in the two-week period $t - 1$, represented as percentage points. $I(Avg\ Trade\ Ret(t - 1) > 0)$ is an indicator variable taking a value of 1 when past value-weighted average returns are positive. The change in average trade size, the change in trade size variability, and the change in the number of trades, are represented as fractions. The regressions in Panel B include a third-degree polynomial of returns for the positive and for the negative domains, the coefficients of which are not reported. All regressions include week fixed effects. Trader fixed effects are included where noted. All regressions are OLS regressions. Standard errors are clustered at the trader and week level. t -statistics are in parentheses. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

Panel A: The Slopes of the Trading Patterns with Respect to Past Returns, around Zero Past Returns (Two-Week Frequency)

Dependent variable:	Change in Avg Trade Size (t)		Change in Trade Size Variability (t)		Change in Number of Trades (t)	
	(1)	(2)	(3)	(4)	(5)	(6)
Avg Trade Ret (t-1) (%)	-0.27*	-0.54***	-0.01	-0.16	-3.96***	-6.17***
	(-1.95)	(-5.06)	(-0.11)	(-1.50)	(-12.52)	(-14.82)
× I(Avg Trade Ret (t-1) > 0)	0.77***	1.29***	0.54***	0.87***	7.46***	12.37***
	(2.74)	(5.08)	(3.52)	(5.18)	(13.81)	(15.43)
I(Avg Trade Ret (t-1) > 0)	0.14***	0.19***	0.17***	0.22***	0.42***	0.73***
	(6.29)	(9.11)	(7.55)	(8.37)	(9.96)	(13.45)
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	No	Yes	No	Yes	No	Yes
Obs	24,815	24,815	20,699	20,699	24,815	24,815
R ²	0.011	0.034	0.022	0.025	0.038	0.064

Panel B: The Discontinuity in the Trading Patterns with Respect to Past Returns, around Zero Past Returns (Two-Week Frequency)

Dependent variable:	Change in Avg Trade Size (t)		Change in Trade Size Variability (t)		Change in Number of Trades (t)	
	(1)	(2)	(3)	(4)	(5)	(6)
I(Avg Trade Ret (t-1) > 0)	0.10***	0.15***	0.16***	0.18***	0.55***	0.85***
	(3.59)	(5.84)	(7.37)	(6.98)	(9.33)	(12.51)
3rd degree polynomial	Yes	Yes	Yes	Yes	Yes	Yes
× I(Avg Trade Ret (t-1) > 0)	Yes	Yes	Yes	Yes	Yes	Yes
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	No	Yes	No	Yes	No	Yes
Obs	24,815	24,815	20,699	20,699	24,815	24,815
R ²	0.013	0.036	0.023	0.025	0.043	0.076

Internet Appendix Table A3. Main Tests without Accounting for Trader Exit

This table reports results from regressions in which the dependent variable measures change in average trade size or change in trade size variability for trader i from one week to another. In these tests, trader-weeks who exit the sample are simply dropped. $Avg\ Trade\ Ret(t-1)$ (%) is a continuous variable equal to the return of trader i in the two-week period $t-1$, represented as percentage points. $I(Avg\ Trade\ Ret(t-1) > 0)$ is an indicator variable taking a value of 1 when past value-weighted average returns are positive. The change in average trade size, the change in trade size variability, and the change in the number of trades, are represented as fractions. The regressions in Panel B include a third-degree polynomial of returns for the positive and for the negative domains, the coefficients of which are not reported. All regressions include week fixed effects. Trader fixed effects are included where noted. All regressions are OLS regressions. Standard errors are clustered at the trader and week level. t -statistics are in parentheses. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

Panel A: The Slopes of the Trading Patterns around Zero Past Returns (Exiting Trader-Weeks Are Dropped)

Dependent variable:	Change in Avg Trade Size (t)		Change in Median Trade Size (t)		Change in Number of Trades (t)	
	(1)	(2)	(3)	(4)	(5)	(6)
	Avg Trade Ret (t-1) (%)	-0.37** (-5.96)	-0.55*** (-8.32)	-1.38*** (-3.78)	-1.82*** (-4.38)	-3.33*** (-14.18)
× I(Avg Trade Ret (t-1) > 0)	0.86*** (7.09)	1.26*** (9.30)	1.74*** (3.78)	2.75*** (5.04)	6.02*** (13.73)	9.63*** (18.04)
I(Avg Trade Ret (t-1) > 0)	0.09*** (4.74)	0.12*** (8.10)	0.00 (-0.01)	0.06* (1.56)	0.36*** (14.44)	0.60*** (18.72)
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	No	Yes	No	Yes	No	Yes
Obs	41,480	41,480	41,480	41,480	41,480	41,480
R ²	0.011	0.013	0.005	0.005	0.039	0.063

Panel B: The Discontinuity in the Trading Patterns around Zero Past Returns (Exiting Trader-Weeks Are Dropped)

Dependent variable:	Change in Avg Trade Size (t)		Change in Median Trade Size (t)		Change in Number of Trades (t)	
	(1)	(2)	(3)	(4)	(5)	(6)
	I(Avg Trade Ret (t-1) > 0)	0.09*** (3.87)	0.13*** (6.69)	0.10* (2.06)	0.17*** (2.47)	0.51*** (8.78)
3rd degree polynomial	Yes	Yes	Yes	Yes	Yes	Yes
× I(Avg Trade Ret (t-1) > 0)	Yes	Yes	Yes	Yes	Yes	Yes
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	No	Yes	No	Yes	No	Yes
Obs	41,480	41,480	41,480	41,480	41,480	41,480
R ²	0.011	0.015	0.005	0.005	0.041	0.070

Internet Appendix Table A4. Winsorizing the Change in Trade size variability

This table reports results from regressions in which the dependent variable measures change in trade size variability for trader i in week t relative to week $t - 1$. $Avg\ Trade\ Ret(t - 1)$ (%) is a continuous variable equal to the return of trader i in week $t - 1$, represented as percentage points. $I(Avg\ Trade\ Ret(t - 1) > 0)$ is an indicator variable taking a value of 1 when returns in week $t - 1$ are positive. The change in trade size variability is represented as a fraction. The dependent variable (change in trade size variability) is winsorized at 5 in Columns (1) to (4), and at 10 in Columns (5) to (8). The regressions in Panel B include a third-degree polynomial of returns for the positive and for the negative domains, the coefficients of which are not reported. All regressions include week fixed effects. Trader fixed effects are included where noted. All regressions are OLS regressions. Standard errors are clustered at the trader and week level. t -statistics are in parentheses. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

Panel A: The Slopes of the Change in Average Trade Size and the Change in Trade size variability with Respect to Past Returns, around Zero Past Returns

Dependent variable: Weeks:	Change in Trade Size Variability (t) (winsorized at 5)				Change in Trade Size Variability (t) (winsorized at 10)			
	≤ 5	≤ 10	≤ 15	All	≤ 5	≤ 10	≤ 15	All
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Avg Trade Ret (t-1) (%)	-1.23*	-0.91***	-0.71***	-0.64***	-2.69**	-2.26***	-1.71***	-1.53***
	(-1.92)	(-2.72)	(-2.72)	(-3.45)	(-2.37)	(-4.09)	(-3.67)	(-4.73)
× I(Avg Trade Ret (t-1) > 0)	4.29***	3.44***	2.88***	2.19***	8.99***	7.15***	5.81***	4.68***
	(4.41)	(4.65)	(5.43)	(7.20)	(5.24)	(5.95)	(6.04)	(8.42)
I(Avg Trade Ret (t-1) > 0)	0.42***	0.38***	0.33***	0.32***	0.64***	0.60***	0.51***	0.48***
	(7.83)	(7.34)	(9.20)	(12.36)	(5.68)	(5.97)	(8.28)	(11.73)
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	4,247	9,378	14,396	27,361	4,247	9,378	14,396	27,631
R ²	0.055	0.036	0.028	0.023	0.054	0.034	0.0263	0.0219

Panel B: The Discontinuity in the Change in Average Trade Size and the Change in Trade size variability with Respect to Past Returns, around Zero Past Returns

Dependent variable: Weeks:	Change in Trade Size Variability (t) (winsorized at 5)				Change in Trade Size Variability (t) (winsorized at 10)			
	≤ 5	≤ 10	≤ 15	All	≤ 5	≤ 10	≤ 15	All
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I(Avg Trade Ret (t-1) > 0)	0.39***	0.38***	0.31***	0.27***	0.65***	0.63***	0.50***	0.42***
	(3.83)	(3.92)	(4.98)	(6.86)	(3.42)	(3.50)	(4.35)	(5.99)
3rd degree polynomial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
× I(Avg Trade Ret (t-1) > 0)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	4,247	9,378	14,396	27,631	4,247	9,378	14,396	27,631
R ²	0.056	0.037	0.028	0.024	0.055	0.035	0.0265	0.0222

Internet Appendix Table A5. Measuring the Discontinuity Using Higher Degree Polynomials

This table reports results from regressions in which the dependent variable measures the change in average trade size or the change in trade size variability for trader i in week t relative to week $t - 1$, or the average trade return in week t . $Avg\ Trade\ Ret(t - 1)$ (%) is a continuous variable equal to the return of trader i in week $t - 1$, represented as percentage points. $I(Avg\ Trade\ Ret(t - 1) > 0)$ is an indicator variable taking a value of 1 when returns in week $t - 1$ are greater than 0. The change in average trade size, the change in trade size variability, and the change in the number of trades, are represented as fractions. The regressions include a fourth- or fifth-degree polynomial of returns for the positive and for the negative domains, the coefficients of which are not reported. All regressions include week fixed effects and trader fixed effects. All regressions are OLS regressions. Standard errors are clustered at the trader and week level. t -statistics are in parentheses. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

Dependent variable: Polynomial degree:	Change in Avg Trade Size (t)		Change in Trade Size Variability (t)		Change in Number of Trades (t)		Average Trade Return (t) (%)	
	4th	5th	4th	5th	4th	5th	4th	5th
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
$I(Avg\ Trade\ Ret(t-1) > 0)$	0.14*** (6.47)	0.15*** (5.96)	0.15*** (7.16)	0.13*** (6.48)	0.70*** (-11.35)	0.68*** (-11.19)	-0.01** (-2.05)	-0.01** (-2.27)
Xth degree polynomial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
× $I(Avg\ Trade\ Ret(t-1) > 0)$	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	42,880	42,880	34,785	34,785	42,880	42,880	41,480	41,480
R^2	0.015	0.016	0.026	0.026	0.063	0.064	0.015	0.015

Internet Appendix Table A6. Estimation Using WLS

This table reports results from regressions in which the dependent variable measures the change in average trade size, the change in trade size variability for trader i in week t relative to week $t - 1$, or the average trade return in week t . $Avg\ Trade\ Ret(t - 1)$ (%) is a continuous variable equal to the return of trader i in week $t - 1$, represented as percentage points. $I(Avg\ Trade\ Ret(t - 1) > 0)$ is an indicator variable taking a value of 1 when returns in week $t - 1$ are greater than 0. The change in average trade size, the change in trade size variability, and the change in the number of trades, are represented as fractions. The regressions in Panel B include a third-degree polynomial of returns for the positive and for the negative domains, the coefficients of which are not reported. All regressions include week fixed effects, and trader fixed effects are included where noted. All regressions are weighted least squares (WLS) regressions. Standard errors are clustered at the trader and week level. t -statistics are in parentheses. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

Panel A: The Slopes of the Trading Patterns with Respect to Past Returns, around Zero Past Returns

Dependent variable:	Change in Avg Trade Size (t)		Change in Trade Size Variability (t)		Change in Number of Trades (t)		Average Trade Return (t) (%)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Avg Trade Ret (t-1) (%)	-0.95*** (-5.07)	-0.62*** (-4.03)	-0.29* (-1.76)	-0.12 (-0.81)	-6.43*** (-14.22)	-9.32*** (18.48)	-0.09*** (-4.66)	0.03** (2.29)
× I(Avg Trade Ret (t-1) > 0)	1.76*** (5.22)	1.07*** (4.39)	0.99*** (3.28)	0.46** (2.02)	0.32*** (17.59)	19.00*** (21.87)	-0.03 (-0.66)	-0.11*** (-2.92)
I(Avg Trade Ret (t-1) > 0)	0.19*** (10.66)	0.15*** (6.92)	0.23*** (11.19)	0.19*** (9.53)	0.32*** (7.12)	0.58*** (12.30)	0.00 (1.15)	0.00** (2.27)
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	No	Yes	No	Yes	No	Yes	No	Yes
Obs	42,880	42,880	34,785	34,785	42,880	42,880	41,480	41,480
R ²	0.027	0.042	0.034	0.078	0.104	0.084	0.023	0.045

Panel B: The Discontinuity in the Trading Patterns with Respect to Past Returns, around Zero Past Returns

Dependent variable:	Change in Avg Trade Size (t)		Change in Trade Size Variability (t)		Change in Number of Trades (t)		Average Trade Return (t) (%)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I(Avg Trade Ret (t-1) > 0)	0.18*** (7.62)	0.15*** (4.45)	0.17*** (5.87)	0.16*** (5.57)	0.41*** (6.84)	0.61*** (9.84)	-0.0028*** (-1.28)	-0.0040*** (-1.81)
3rd degree polynomial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
× I(Avg Trade Ret (t-1) > 0)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	No	Yes	No	Yes	No	Yes	No	Yes
Obs	42,880	42,880	34,785	34,785	42,880	42,880	41,480	41,480
R ²	0.030	0.044	0.035	0.078	0.106	0.092	0.024	0.047

Internet Appendix Table A7. Falsification Tests: Testing Slope and Discontinuity at Other Values

This table reports results from regressions in which the dependent variable measures the change in average trade size or the change in trade size variability for trader i in the week t relative to week $t - 1$. $Avg\ Trade\ Ret(t - 1)$ (%) is a continuous variable equal to the return of trader i in week $t - 1$, represented as percentage points. $I(Avg\ Trade\ Ret(t - 1) > x)$ is an indicator variable taking a value of 1 when returns in week $t - 1$ are greater than 0 +/- the specified number of standard deviations. The change in average trade size, the change in trade size variability, and the change in the number of trades, are represented as fractions. The regressions in Panels D to F include a third-degree polynomial of returns for the positive and for the negative domains, the coefficients of which are not reported. All regressions include week fixed effects, and trader fixed effects are included where noted. All regressions are OLS regressions. Standard errors are clustered at the trader and week level. t -statistics are in parentheses. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

Panel A: Slopes of the Change in Average Trade Size around Non-Zero Returns

Dependent variable:	Change in Avg Trade Size (t)								
	-2 std	-1.5 std	-1 std	-0.5 std	0 std	+0.5 std	+1 std	+1.5 std	+2 std
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Avg Trade Ret (t-1) (%)	0.08 (0.38)	0.06 (0.44)	-0.01 (-0.12)	-0.10* (-1.63)	-0.31*** (-5.18)	-0.01 (-0.18)	0.12*** (2.69)	0.15*** (3.75)	0.17*** (4.31)
× I(Avg Trade Ret (t-1) > x)	0.39* (1.86)	0.51*** (3.73)	0.71*** (6.55)	0.95*** (8.22)	0.84*** (6.55)	0.26* (1.86)	0.20 (1.17)	0.39 (1.26)	0.53 (1.23)
I(Avg Trade Ret (t-1) > x)	-0.04 (-0.40)	-0.05 (-0.77)	-0.03 (-0.75)	-0.01 (-0.30)	0.13*** (9.10)	0.13*** (4.88)	0.06 (1.13)	-0.03 (-0.27)	-0.11 (-0.61)
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	42,880	42,880	42,880	42,880	42,880	42,880	42,880	42,880	42,880
R ²	0.010	0.010	0.011	0.012	0.014	0.010	0.009	0.009	0.009

Panel B: Slopes of the Change in Trade size variability around Non-Zero Returns

Dependent variable:	Change in Trade Size Variability (t)								
	-2 std	-1.5 std	-1 std	-0.5 std	0 std	+0.5 std	+1 std	+1.5 std	+2 std
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Avg Trade Ret (t-1) (%)	-0.01 (-0.04)	-0.23 (-0.91)	-0.32* (-1.82)	-0.32*** (-2.58)	-0.17* (-1.81)	0.41*** (5.13)	0.53*** (6.85)	0.55*** (7.41)	0.58*** (8.26)
× I(Avg Trade Ret (t-1) > x)	1.05*** (3.11)	1.36*** (4.99)	1.57*** (7.32)	1.58*** (8.95)	0.72*** (4.29)	-0.10 (-0.49)	-0.25 (-0.92)	-0.63 (-1.39)	-0.32 (-0.42)
I(Avg Trade Ret (t-1) > x)	0.01 (0.10)	0.12 (1.33)	0.16*** (3.04)	0.16*** (6.43)	0.22*** (15.39)	0.15*** (4.20)	0.13* (1.90)	0.28 (1.61)	0.13 (0.43)
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	34,785	34,785	34,785	34,785	34,785	34,785	34,785	34,785	34,785
R ²	0.020	0.020	0.021	0.021	0.025	0.018	0.017	0.017	0.017

Internet Appendix Table A7. Falsification Tests: Testing Slope and Discontinuity at Other Values (Cont.)

Panel C: Slopes of the Change in the Number of Trades around Non-Zero Returns

Dependent variable:	Change in Number of Trades (t)								
	-2 std	-1.5 std	-1 std	-0.5 std	0 std	+0.5 std	+1 std	+1.5 std	+2 std
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Avg Trade Ret (t-1) (%)	-2.23***	-2.35***	-2.03***	-2.82***	-4.29***	-2.60***	-1.82***	-1.41***	-1.13***
	(-3.62)	(-5.07)	(-6.09)	(-11.51)	(-16.41)	(-12.19)	(-9.56)	(-7.57)	(-6.32)
× I(Avg Trade Ret (t-1) > x)	4.09***	4.88***	5.85***	8.11***	8.50***	5.61***	4.66***	4.07***	5.01***
	(6.41)	(9.92)	(14.73)	(18.33)	(16.85)	(11.17)	(7.23)	(4.88)	(2.75)
I(Avg Trade Ret (t-1) > x)	0.00	-0.01	-0.31**	-0.15**	0.61***	0.47***	0.33**	0.29	-0.32
	(0.01)	(-0.03)	(-2.59)	(-2.50)	(19.89)	(7.49)	(2.02)	(1.00)	(-0.43)
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	42,880	42,880	42,880	42,880	42,880	42,880	42,880	42,880	42,880
R ²	0.027	0.031	0.042	0.050	0.056	0.039	0.030	0.026	0.022

Panel D: Discontinuity in the Change in Average Trade Size around Non-Zero Returns

Dependent variable:	Change in Avg Trade Size (t)								
	-2 std	-1.5 std	-1 std	-0.5 std	0 std	+0.5 std	+1 std	+1.5 std	+2 std
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I(Avg Trade Ret (t-1) > x)	-9.41*	-1.71**	-0.24	-0.01	0.12***	-0.06	1.02**	-1.59	25.97*
	(-5.04)	(-2.46)	(-0.97)	(-0.19)	(6.48)	(-0.51)	(2.13)	(-0.43)	(1.84)
3rd degree polynomial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
× I(Avg Trade Ret (t-1) > x)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	42,880	42,880	42,880	42,880	42,880	42,880	42,880	42,880	42,880
R ²	0.0126	0.0119	0.0117	0.013	0.015	0.0126	0.0128	0.0116	0.0109

Internet Appendix Table A7. Falsification Tests: Testing Slope and Discontinuity at Other Values (Cont.)

Panel E: Discontinuity in the Change in Trade size variability around Non-Zero Returns

Dependent variable:	Change in Trade Size Variability (t)								
	-2 std	-1.5 std	-1 std	-0.5 std	0 std	+0.5 std	+1 std	+1.5 std	+2 std
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I(Avg Trade Ret (t-1) > x)	3.40 (1.16)	1.61* (1.65)	0.53 (1.51)	0.16* (1.91)	0.17*** (9.29)	0.19 (0.99)	0.46 (0.45)	3.39 (1.02)	-8.93 (-0.36)
3rd degree polynomial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
× I(Avg Trade Ret (t-1) > x)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	34,785	34,785	34,785	34,785	34,785	34,785	34,785	34,785	34,785
R ²	0.022	0.022	0.022	0.023	0.025	0.023	0.022	0.021	0.020

Panel F: Discontinuity in the Change in the Number of Trades around Non-Zero Returns

Dependent variable:	Change in Number of Trades (t)								
	-2 std	-1.5 std	-1 std	-0.5 std	0 std	+0.5 std	+1 std	+1.5 std	+2 std
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I(Avg Trade Ret (t-1) > x)	-25.09*** (-5.60)	-5.82*** (-3.48)	-2.32*** (-2.83)	0.20 (1.06)	0.69*** (10.91)	0.15 (0.39)	0.32 (0.18)	13.46 (1.62)	9.38 (0.16)
3rd degree polynomial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
× I(Avg Trade Ret (t-1) > x)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	42,880	42,880	42,880	42,880	42,880	42,880	42,880	42,880	42,880
R ²	0.0469	0.0492	0.0493	0.053	0.062	0.0474	0.0471	0.0456	0.0431

Internet Appendix Table A8. Regression Discontinuity Design without High-Order Polynomials

This table reports results from regressions in which the dependent variable measures the change in average trade size, the change in trade size variability for trader i in week t relative to week $t - 1$, or the average trade return in week t . $Avg\ Trade\ Ret(t - 1)$ (%) is a continuous variable equal to the return of trader i in week $t - 1$, represented as percentage points. $I(Avg\ Trade\ Ret(t - 1) > 0)$ is an indicator variable taking a value of 1 when returns in week $t - 1$ are greater than 0. The change in average trade size, the change in trade size variability, and the change in the number of trades, are represented as fractions. The sample in this regression is limited to ± 0.5 standard deviations ($\pm 0.07\%$) around the origin. All regressions include week fixed effects, and trader fixed effects are included where noted. All regressions are OLS regressions. Standard errors are clustered at the trader and week level. t -statistics are in parentheses. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

Dependent variable:	Change in Avg Trade Size (t)		Change in Trade Size Variability (t)		Change in Number of Trades (t)		Average Trade Return (t) (%)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Avg Trade Ret (t-1) (%)	-0.92** (-1.99)	-1.28** (-2.34)	0.99* (1.91)	1.06** (2.14)	-4.69*** (-4.39)	-8.76*** (-7.25)	0.17*** (3.35)	0.04 (0.55)
× $I(Avg\ Trade\ Ret(t-1) > 0)$	1.93*** (3.13)	2.41*** (3.35)	-0.95 (-1.27)	-0.52 (-0.70)	6.68*** (4.81)	16.71*** (9.61)	-0.09 (-0.95)	-0.07 (-0.70)
$I(Avg\ Trade\ Ret(t-1) > 0)$	0.11*** (4.56)	0.14*** (6.20)	0.16*** (7.32)	0.17*** (8.84)	0.48*** (7.64)	0.60*** (9.62)	-0.0016 (-0.63)	-0.0031 (-1.25)
Calendar FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trader FE	No	Yes	No	Yes	No	Yes	No	Yes
Obs	29,497	29,497	25,525	25,525	29,497	29,497	28,813	28,813
R ²	0.011	0.013	0.022	0.023	0.026	0.036	0.011	0.013