

Size of Market Inefficiency: Trading System and Price Bubble*

by

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Abstract

The purpose of the paper is to propose a new measurement of “size of market inefficiency” and apply our measurement to evaluate trading system and bubble prices by using the stock market indices of Japan, USA, Italy, Canada, Korea, Singapore, India, Malaysia. We compute the size of the market inefficiency to evaluate the trading system and separate the size of inefficiency from the market price to recognize the correct price bubble.

Keywords: size; market inefficiency; trading system; price bubble

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