

# **Experimental Studies on the Value of Information in Financial Markets with Heterogeneously Informed Agents**

**Jürgen Huber<sup>a</sup>, Michael Kirchler<sup>a</sup>, Matthias Sutter<sup>b</sup>**

<sup>a</sup> Department of Corporate Finance, University of Innsbruck, Austria

<sup>b</sup> Max-Planck-Institute, Jena, Germany

e-mail: juergen.huber@uibk.ac.at

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## **Abstract**

Today information is generally considered the most valuable good in modern economies. Especially in financial markets information is often viewed as the only ingredient necessary to achieve above-average returns. However, empirical, theoretical and experimental work shows that the matter is not that simple. We develop an experimental setting to analyse how valuable forecasting ability is in financial markets. We find that knowledge about the future development of the profits of a company does not necessarily improve the performance of an agent in the market. Our experimental markets show similar behaviour to real markets in several very important aspects, namely volatility clustering, excess kurtosis, and the autocorrelation behaviour. This increases our confidence, that the one feature not observable in real markets – the relation between information level and return – looks similar to our results as well.

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