



The Profitability of Day Trading and the Characteristics of Traders: Evidence from the Taiwan Futures Market

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ABSTRACT

Day trading has gained extensive popularity among investors, but its profit potential remains a controversial issue. This study examines how the profitability of day trading is related to the different characteristics of day traders in the Taiwan futures market. The results suggest that employing day trading strategies may make it difficult for individual traders to obtain positive net returns. Nevertheless, prior trading experience and sufficient financial sophistication improve the profits individual traders gain. In addition, the day trading of short positions does not generate positive net profits over the sample period for both foreign and local institutional investors.

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