**The patterns of prediction, trade, and transfer of wealth from overconfident investors in the capital market: A case study in an experimental setting**

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**Abstract**

Previous research demonstrates that investors classified as overconfident tend to make more prediction errors and trade at higher volumes than rational investors in the capital market, with the outcome of suffering greater trading losses. The current experimental research is presented here with the aim of further exploring these issues. According to its methodology, participants are classified into three groups based on their score of overconfidence: moderate, more overconfident, and less overconfident investors. The results of the current study demonstrate that the more overconfident investors committed more frequent prediction errors and traded in higher volumes in all markets than the less overconfident ones; and further, that this led to losses, except when the majority of all market players suffered from overconfidence due to bad news.

**Keywords**: Overconfidence, self deception, excessive trading, profit and loss