

# Noise trader: random walks or forced march?

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## **Abstract**

Noise traders have been characterised as random providers of liquidity, as neutral equivalents of computer-generated random numbers. hough noise traders may create risk that will deter rational traders from taking advantage of their knowledge of the fundamental value of securities (De-long) and thereby preventing them being driven into extinction as Friedman had asserted (Fridman), their presence is usually seen as beneficial as they provide liquidity in a neutral fashion. However, an analysis of noise trading that seeks to measure the weight of noise traders in the market and the strength of their opinin shows that herding is a common feature, highlighting the non-neutral influence that this speculative activity can impose on securities prices.

- 1 Introduction**
- 2 Literature**
- 3 Methods**
- 4 Analysis**
- 5 Conclusion**

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