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# Market efficiency, long-term returns, and behavioral finance <sup>1</sup>

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### Abstract

Market efficiency survives the challenge from the literature on long-term return anomalies. Consistent with the market efficiency hypothesis that the anomalies are chance results, apparent overreaction to information is about as common as underreaction, and post-event continuation of pre-event abnormal returns is about as frequent as post-event reversal. Most important, consistent with the market efficiency prediction that apparent anomalies can be due to methodology, most long-term return anomalies tend to disappear with reasonable changes in technique.



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JEL classification

G14; G12

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Market efficiency; Behavioral finance

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