

**Contrarian Arbitrages and Market Efficiency:
Evidence in the Index Futures Markets around the Globe**

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Abstract

We analyze the profitability of short-run contrarian arbitrages of selling winners and buying losers in the past E days and holding the arbitrage positions for H days in 39 index futures markets around the globe during the 1992-2002 period. The excess profits of $\{5,5\}$ arbitrages were particularly large and statistically significant for most contracts except for US-based index futures contracts. While these profits were particularly significant during the post-1999 bearish market periods, they were more frequent for the arbitrages implemented during September spot-month period (i.e., June, July and August months) especially when the arbitrages were lifted on Thursday and Friday. Our findings indicate that (1) short-run contrarian arbitrage profits in most index futures markets are mainly due to bearish market conditions and (2) the insignificant profits in the US-based index futures markets are partially due to the absence of the September spot-month seasonality.