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A Study On Investor Investment Pattern During Different Market Trends

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Abstract.

Investors trading pattern during different market trends changes because of attitude and perception about market. As there is well notion about Indian investors that they move along with trends as they buy when market is at peak and sell when market is at recession. The researcher has tried to find out the investor investment pattern to know if the notion hold good for Indian investors or it does not hold good for Indian investors. From the literature already available it is clearly supported that investor move along with the trends and buy or acquire the marketable securities when their confidence is high. Therefore, most of the investor based their decision on sentiments rather than fundamental or technical analysis. The present study is conducted to find out investor pattern during different trends and difference across gender in term of their trading approach.

Keywords.- Pattern, trends, stock market.

Introduction.

Stock market plays the role of mediator in mobilizing saving from public and allocating it for productive investments. Stock exchange provide nationwide trading facility for all types of investor and also provide equal access to all citizens, to promote fair and transparent trading, channelizing idle funds, that leads to economic growth and development of economy. It provide liquidity to shareholder fund that reflect political and economic environment of a country. Indian stock market is fastest growing in the world's emerging economy and is continuously evolving as one of the most dynamic modern and efficient security markets in Asia. Stock market plays pivotal role in channelizing the funds of surplus units invested for purpose of earning return. The Parties involved in market are retail investors, brokers, FII's, and investment companies.

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Parties involved on basis of level.

- Individual Investor: individual investors also called as single investor or retail investor. They participate in capital market to achieve their personal goals like capital appreciation, capital preservation or just to maintain the nominal value of investment. Retail investor is the investor who purchases securities for his own personal use rather for the use of organization is called retail investor.
- Institutional Investor: when the amount is invested in the capital market by an organization and not by an individual investor is called as institutional investor e.g. ICICI, HDFC, SBI, IFCI, LIC etc.

On the Basis of Speculation:

Speculation is the process of trading of asset with the objective of earning above average return or superior return from the price volatility or because of up and down of prices of securities.

• Speculators: Speculators take risk to deal in securities that happens when their individual expectations differ from the expectations of the market. They mostly trade in foreign exchange market to derive uncertain gain because of different rate prevailing for different currencies in different markets.

Types of Speculators: There are four types of speculators that participate in Indian stock market namely Bull, Bear, Stag, Lame Duck .These names have been derived from the names of animals describing their nature and characteristics.

Bull: A bull or Tejiwala is the operator who expects that the prices of asset or securities will rise in the future. Hence the trader deal in securities in such a way that he expect to sell them at a later stage at higher price to gain return. Such a speculator deal in differences of prices. Such type of speculator is called a bull because of resemblance of behavior with the bull or that particular animal.

Bear: A bear or Mandiwala is the speculator that expects prices of securities will fall in future and sell asset immediately to suffer any type of loss. Moreover, in future when securities will be available at lower price he will purchased back anticipating that their prices will raise .as market is bearish when it is dominated by bear speculators or when there is strong probability of fall in prices of securities.

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Stag: A stag is the trader who is careful or cautious speculator in the stock market. He prefers to acquire the asset or share of a new company and anticipate selling them later at premium. He selects shares of those companies that are in demand and are likely to carry a premium in future.

Lame duck: when the bear operator fail to fulfill the commitment made to provide the security at the agreed upon price and date, he struggles like a lame duck in fulfilling his commitment. This is when the prices do not fall as being expected by the operator. Hence, a depressed bear is called lame duck.

Gambler. Is the investor willing to take hundred percent risks to derive above average return whereas, arbitragers is the trader in the stock market looking to make profit by discovering the price discrepancies available in different markets. They acquire the security from cheap market and sell the same in dear market.

Example

_ In New York: $1.9800-10£

_ In London: $1.9700-10£

_ Sell pounds in New York, buy Pound in London, and Makes a profit of $ 0.0100 per 10-pound sterling's.

• Hedgers: A hedger's is the investor in the market trying to minimize the risk or uncertainty attached with securities available like importer and exporter enter the market to deal into the transaction today but actual delivery will take place after three months when the payment will be made.

• Brokers: They play the Role of mediator between various parties participating in the financial market for various reasons. Their job is to execute the deal by bring the two parties together agreeing at the same price and amount. They charge commission or brokerage depending upon the amount of deal executed.

Review of literature.

Report by the I.ES47 (The Investigation Enforcement and Surveillance) Department of the SEBI (2000) pointed out that inspite of some instance of high volatility, the Indian capital market more or less remains safe and stable. However Indian market is witnessing the downturn and volatility, but this downturn is because of fall in the markets of other developed

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nations across the globe. Moreover, fall in major indices is due to rise in price of crude oil in global market, pressure on India rupee. The results further indicate that a regulatory body like SEBI is playing a pivotal role in maintaining the reasonable stability in the capital markets.

Gere1a.S.T. and Balsara.K.A.3' (2001) to find out the characteristics of Bombay stock exchange. The report reveals that Bombay stock exchange has strengthened the risk management or uncertainty associated with the trading system. The introduction of screen based online trading system facilitated with BOLTS expansion in all major cities of the country results in significant increase in liquidity and volume at these exchanges. Similarly, risk management function at BSE has attained greater significance in order to maintain market integrity and making transactions fair and transparent. Similarly, all trading members are required to maintain minimum capital with the exchange; exchange collects from the members a daily margin etc to minimize the risk.

Melwyn Reo (2001) analyzed the various risk to which Indian companies are exposed and procedure to deal with these risks. He explained that primary risks are hedge risks arising from commodity price movements. Moreover, the general risk component is dependent on business and financial risks. The company exposed to lower business risk may feel more comfortable than the one with more business risk and financial risk. Ultimately, the company may decide about percentage of capital base or expected earnings to know the total risks.

Objective of the study

1. To study the investor investment pattern in volatile market.

2. To study the difference between male and female in their trading approach during different trend...

3. To find out impact of different trend on trading approach.

Research Methodology

Methodology has been followed based on the objectives and the concerned hypotheses..

Study area

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The study carried out in Jammu region of Jammu and Kashmir State. The information shall be collected from individual investors who have invested in share/Stock market through brokerage houses/companies /counters located in the study area.

Sample unit.

There are many brokerage houses operating in the study area. Out of the total top five namely India Bulls Securities, Share Khan Ltd, Angel Broking Ltd, Kotak Securities, and HDFC Securities, selected for the present study. Sample size is 380.

Data Collection

The proposed based on both the primary and secondary data. Primary collected through detailed questionnaire, which will be presented to investors who have made investment in shares/stocks. Secondary collected from different sources like websites, newspapers, magazines, research journals, reports, monograms, proceedings of seminars, conferences and published and unpublished works of Government and Non- Governmental Organizations. All the information /data collected through different sources shall be analyzed by using appropriate statistical tools and techniques to achieve the desired output.

. What trading approach you follow at Bull/Peak.

S.No	What Trading Approach You Follow At Bull/Peak.	Frequency	Percent
1	Buy During Bull/Peak	247	65.0
2	Sell During Bull/Peak	119	31.3
3	Hold On During Peak	14	3.7
	Total	380	100.0

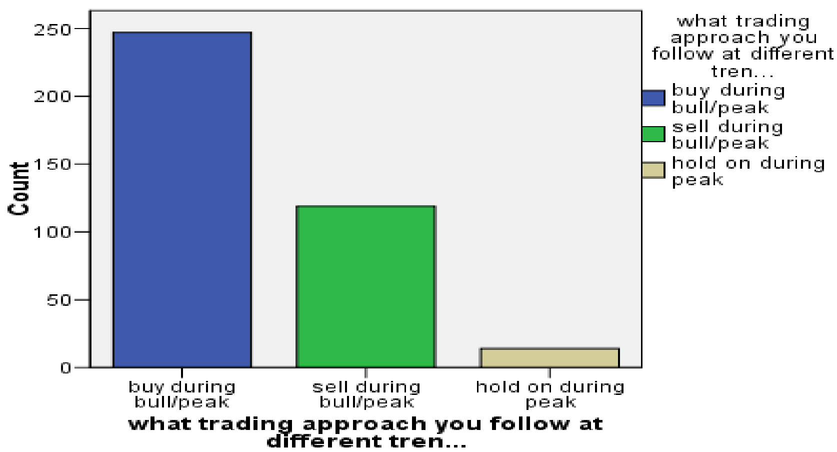

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Table present the most important information about investors trading pattern during different market trends .As there is well notion about Indian investors that they move along with trends is clearly justified by the data collected from the respondents. The result clearly shows that most of the investors buy when the market is at peak as investor's confidence is high. Infact (65%) of the investors buy or purchase when the market is at peak/bull. 31.3% of the investor sell and only 3,7% hold on at the time of boom. Therefore, it really shows that investor move along with the trends and buy or acquire the marketable securities when their confidence is high. Therefore, most of the investor based their decision on sentiments rather than fundamental or technical analysis.

. Showing investor's investment pattern at peak.

S.No	Gender		buy during bull/peak	sell during bull/peak	hold on during peak	Total	Pearson Chi-Square value	Asymp. Sig. (2-sided)
1	Male	Count	194	78	10	282	7.146[a]	.028*
2		% within gender	68.8%	27.7%	3.5%	100.0%		
3	Female	Count	53	41	4	98		
4		% within gender	54.1%	41.8%	4.1%	100.0%		
5	Total	Count	247	119	14	380		
		% within gender	65.0%	31.3%	3.7%	100.0%		

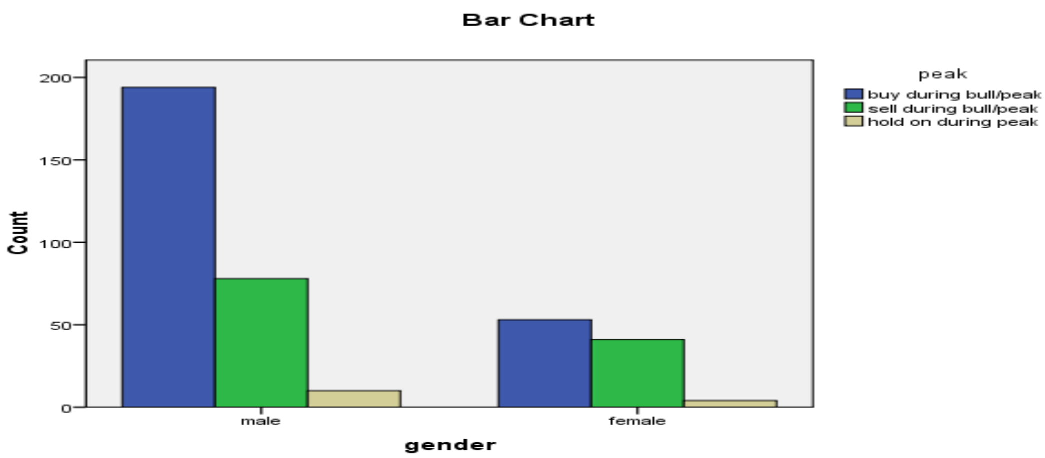

Table present the most important information about investors trading pattern during different market trends .The results of cross tabulation between gender and trading pattern at different

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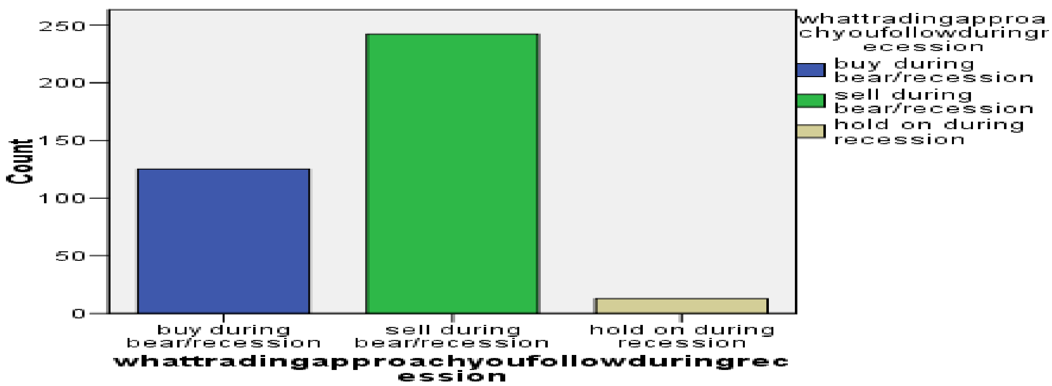
trends (peak) shows that 68.8% of male as compared to that of female (54.1%) buy when the market is at peak. Similarly, 27.7% of the male sell when market is at peak as compared to that of female 41.8% whereas almost equal numbers of male and female hold on means neither buy nor sell when the market is at peak. This can be attributed to that fact that female are less educated than male and hence are not aware about market trends and buy and sell without taking into consideration market trends. Hence in order to get insight into difference between male and female in their trading behavior at peak cross tabulation is used which justified that male and female have different attitude and buying behavior pattern at peak.

The chi-square test employed to find out whether there exist a significant difference among male and female in term of their trading behavior at peak shows chi-square value as 7.146 and significance level as .028 which is less than α= .05 and hence the hypotheses that there is significance difference among gender in term of their trading behavior at peak is supported.

Investors trading approach at recession/bear.

S.No	What Trading Approach You Follow At Recession	Frequency	Percent
1	Buy During Bear/Recession	125	32.9
2	Sell During Bear/Recession	242	63.7
3	Hold On During Recession	13	3.4
	Total	380	100.0



.shows the investors trading behavior at the time of recession. .As there is well notion about Indian investors that they move along with trends is clearly justified by the data collected from the respondents. The result clearly shows that most of the investors sell the securities

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when market approaches recession or when it is at bear. When the market is experiencing recession as investor's confidence is low and therefore majority of the investors (63.7%) sell. Whereas, (32.9%) of the investor buy and only (3.4%) hold on at the time of recession. Therefore, it really shows that investor move along with the trends and buys or acquires the marketable securities when their confidence is high and sells at the time of bear. Therefore, most of the investor based their decision on sentiments rather than fundamental or technical analysis. Therefore, from the above figures it can be concluded that most of the investors participating in Indian capital markets based their decision on sentiments, emotions, rather on market conditions. Hence it can concluded that majority of the investors buy when the market is bullish and sell when market is bearish

Investors investment pattern at bear/recession.

S.No	Gender		buy during bear/recession	sell during bear/recession	hold on during recession	Total	Pearson Chi-Square value	Asymp. Sig. (2-sided
1	Male	Count	85	190	7	282	7.676[a]	.022*
2		% within gender	30.1%	67.4%	2.5%	100.0 %		
3	Female	Count	40	52	6	98		
4		% within gender	40.8%	53.1%	6.1%	100.0 %		
5	Total	Count	125	242	13	380		
		% within gender	32.9%	63.7%	3.4%	100.0 %		

*Indicate significance level

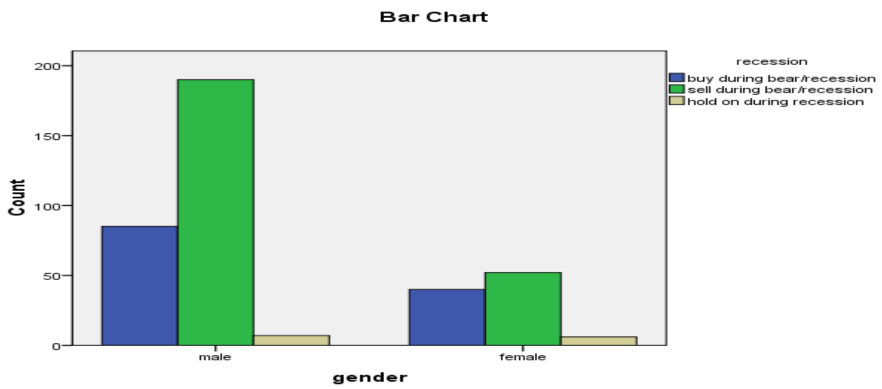

Table present the most important information about investors trading pattern during different market trends .The results of cross tabulation between gender and trading pattern at different

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trends (recession) shows that (30.1%) of male as compared to that of female (40.8%) buy when the market is at recession. Similarly, (67.4%) of the male sell when market is at recession as compared to that of female (53.1%) whereas almost (6.1%) of female and (2.5%) of male hold on mean neither buy nor sell when the market is at recession. Hence in order to get insight into difference between male female in their trading behavior at recession cross tabulation is used which justified that male and female have different attitude and buying behavior pattern at recession. Hence the notion that investors move along the market trends mean they buy when the market is at peak and sell when it is at recession is justified stand approved only for male more and not that much for females.

The chi-square test employed to find out whether there exist a significant difference among male and female in term of their trading behavior at recession shows chi-square vale as 7.676 and significance level as .022 which is less than α =.05 and hence the hypotheses that there is significance difference among gender in term of their trading behavior at recession is supported.

Investors trading approach during recovery.

S.No	what trading approach you follow during recovery	Frequency	Percent
1	Buy during recovery	140	36.8
2	Sell during recovery	138	36.3
3	Hold on during recovery	102	26.8
	Total	380	100.0

shows the investors trading behavior at the time of recovery. The result clearly shows that 36.8% of the investors buy the securities when market approaches recovery. Similarly almost equal number of investors also sells the securities at the time of recovery (36.3%) approximately. Whereas (26.8%) of the investors hold on at the time of recovery that really shows that trading behavior almost is similar, as they do not have clear strategy weather to buy or sell or hold on as compared to that of peak and recession.

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Investors investment pattern at recovery.

S.No	Gender		Buy during recovery	Sell during recovery	Hold on during recovery	Total	Pearson Chi-Square Value	Asymp. Sig. (2-sided)
1	Male	Count	103	112	67	282	7.384	.025*
2		% within gender	36.5%	39.7%	23.8%	100.0%		
3	Female	Count	37	26	35	98		
4		% within gender	37.8%	26.5%	35.7%	100.0%		
5	Total	Count	140	138	102	380		
		% within gender	36.8%	36.3%	26.8%	100.0%		

*Indicate significance level

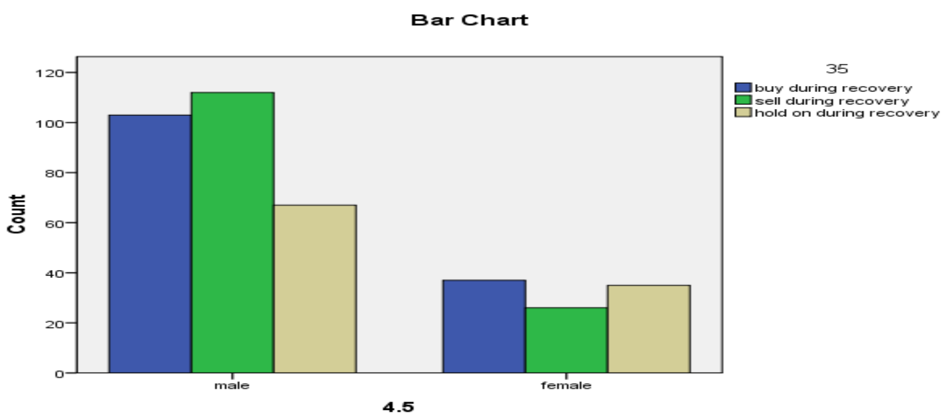

Table . Present the most important information about investors trading pattern during different market trends .The results of cross tabulation between gender and trading pattern at different trends (recovery) shows that (36.5%) of male as compared to that of female (37.8%) buy when the market is at recovery. Similarly, (39.7%) of the male sell when market is at recovery as compared to that of female (26.5%).Whereas almost (23.8%) of male and (35.7%) of female hold on mean neither buy nor sell when the market is at recovery. Hence in order to get insight into difference between male female in their trading behavior at

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recovery cross tabulation is used which justified that male and female have different attitude and buying behavior pattern at recovery. The chi-square test employed to find out whether there exist a significant difference among male and female in tern of their trading behavior at recovery shows chi-square value as 7.384 and significance level as. α =.025 which is less than .05 and hence the hypotheses that there is significance difference among gender in term of their trading behavior at recovery is supported.

Showing paired comparison investors trading behavior at Recovery, Peak and Recession

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Recovery - Peak	.489	.832	.053	.386	.593	9.300	379	.000
Pair 2	Recovery - Recession	.171	.898	.046	.080	.262	3.712	379	.000
Pair 3	Peak – Recovery	-.489	.786	.053	-.593	-.386	9.240	379	.000
Pair 4	Peak Recession	-.318	.755	.053	-.422	-.215	6.054	379	.000
Pair 5	Recession-Recovery	-.171	.898	.046	-.262	-.080	3.712	379	.000
Pair 6	Recession-Peak	.318	.645	.053	.215	.422	6.054	379	.000

Computed through SPSS.

The results obtained in above table 4.3.10 shows the paired t-test for investors trading behavior during different market trends I.e. recovery, peak and recession. The paired t-test between different market trends at 95% confidence level is 0.000* which shows that there

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exist a significant difference between various types of market trends and investors decision making

Conclusion and finding.

- The results of cross tabulation between gender and trading pattern at different trends (peak) shows that 68.8% of male as compared to that of female buy when the market is at peak. Similarly, 27.7% of the male sell when market is at peak as compared to that of female 41.8% whereas almost equal number of male and female holds on means neither buy nor sell when the market is at peak. This can be attributed to that fact female are less educated than male and hence are not aware about market trends and buy and sell without taking into consideration market trends. Hence in order to get insight into difference between male female in their trading behavior at peak cross tabulation is used which justified that male and female have different attitude and buying behavior pattern at peak.

- The chi-square test employed to find out whether there exist a significant difference among male and female in terms of their trading behavior at peak shows chi-square value as 7.146 and significance level as .028 which is less than .05 and hence it can be concluded that hypotheses that there is significance difference among gender in term of their trading behavior at peak is supported.

- The results of cross tabulation between gender and trading pattern at different trends (recession) shows that 30.1% of male as compared to that of female 40.8% buy when the market is at recession. Similarly, 67.4% of the male sell when market is at recession as compared to that of female 53.1% .Whereas almost 6.1% of female and 2.5% of male hold on mean neither buy nor sell when the market is at recession. Hence in order to get insight into difference between male female in their trading behavior at recession cross tabulation is used which justified that male and female have different attitude and buying behavior pattern at peak. Hence the notion that investors move along the market trends mean they buy when the market is at peak and sell when it is at recession is justified and stand approved only for male only and not that much for females

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- The chi-square test employed to find out whether there exist a significant difference among male and female in term of their trading behavior at recession shows chi-square value as 7.676 and significance level as .022 which is less than .05 and hence it can be concluded that hypotheses that there is significance difference among gender in term of their trading behavior at recession is supported.

- The results of cross tabulation between gender and trading pattern at different trends (recovery) shows that 36.5% of male as compared to that of female 37.8% buy when the market is at recovery. Similarly, 39.7% of the male sell when market is at recession as compared to that of female 26.5% whereas almost 23.8% of male and 35.7% of female hold on mean neither buy nor sell when the market is at recovery. Hence in order to get insight into difference between male female in their trading behavior at recovery cross tabulation is used which justified that male and female have different attitude and buying behavior pattern at recovery.

- The chi-square test employed to find out whether there exist a significant difference among male and female in term of their trading behavior at recovery shows chi-square value as 7.384 and significance level as .025 which is less than .05 and hence it can be concluded that hypotheses that there is significance difference among gender in term of their trading behavior at recovery is supported.

The results obtained for paired comparison between peak, recession and recovery shows that investors trading behavior during different market trends i.e. recovery, peak and recession. The paired t-test between different market trends at 95% confidence level is 0.000* which shows that there exist a significant difference between various types of market trends and investors decision making

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