

THE SHORT-TERM RELATION AMONG STOCK INVESTORS IN BORSA ISTANBUL: EFFECT OF COVID-19

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ABSTRACT

Purpose- The purpose of this study is to determine the short-term impact of various types of investors on each other. Secondly, it tries to understand whether COVID-19 had a significant change in the relationship between these investors.

Methodology- Based on the transactions data, the study classifies investor groups such as fast and slow traders, domestic and foreign investors, bank-based and non-bank based brokers. Then, it employs a panel vector autoregression model in order to find any reciprocal relation.

Findings- The analysis reveals that, with the start of the pandemic, the impact of intraday returns on investors and the response of slow foreign investors to market returns did not change very much. On the other hand, the response of other investors such as retail/professional or fast/slow domestic investors as well as fast foreign investors significantly altered.

Conclusion- Based upon the empirical analysis, it may be concluded that different types of investors have positive or negative impact on each other and investor behavior has been seriously affected by COVID-19.

Keywords: Fast traders, foreign investors, brokers, Borsa Istanbul, panel vector autoregression

JEL Codes: G10, G14, G21

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