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The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

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RECTOR'S MESSAGE



I would like to extend my gratitude for your visit to FBM Insights Volume 8, a publication brought forth by the esteemed Faculty of Business and Management, UiTM Kedah Branch. This bulletin endeavours to present a concise and beneficial collection of important insights and research findings derived from the domain of social sciences.

FBM Insights aims to simplify complex social science concepts into easily digestible bullet points, making valuable knowledge more accessible to a wider audience. In this bulletin, each article provides a glimpse into the diverse and dynamic world of social sciences, including psychology, sociology, economics, finance, and other pertinent fields. Through concise and informative summaries, the intention is to promote a deeper understanding of human behaviour, societal trends and the multifarious factors that shape our world.

My heartfelt appreciation is proffered to the dedicated researchers and scholars whose works form the foundation of this bulletin, contributing significantly to the ever-changing landscape of knowledge in social sciences. In navigating the modern era's challenges and opportunities, the intrinsic value of social science research in guiding policy decisions and fostering social cohesion cannot be overstated.

I sincerely hope that this bulletin will spark readers' curiosity and inspire them to delve deeper into the myriad facets of human society and behaviour. Irrespective of whether you are a student, educator, or policymaker, I firmly believe that this publication will serve as an invaluable resource in your quest for knowledge.

Once again, thank you for embarking on this journey of discovery with us. Together, let us explore the captivating world of social sciences and its profound impact on our lives.

Thank you.

Prof. Dr. Roshima Haji Said

Rector
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ENHANCING STOCK INVESTMENT: WHY KNOWING INVESTOR TYPES MATTERS?

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INTRODUCTION

Investment can be defined as the commitment of funds to one or more assets that will be held over some future period (Jones, 2010). Investing can refer to various activities for instance, putting money into shares, certificates of deposit, bonds or mutual funds. It includes both very conservative positions and aggressive speculation. In the world of investing, navigating the financial markets can be a complex and challenging endeavor. The dynamic nature of markets and influenced by a multitude of factors demands the players involved to have a deep understanding of investment. Traders play their important role in shaping market dynamics, driving price movements, and influencing investment outcomes. Recognizing the importance of comprehending the different types of traders is crucial for investors seeking to make informed decisions and achieve their financial goals.

The lack of awareness and understanding regarding the different types of traders poses a significant challenge for investors entering the financial markets. Without sufficient knowledge of trader behaviors, strategies, and their impact on market dynamics, investors may struggle to make informed investment decisions, manage risks effectively, or capitalize on potential opportunities. Therefore, there is a pressing need to emphasize the importance of knowing the types of traders to equip investors with the essential insights required for successful navigation of the complex investment landscape.

Traders are broadly classified into four types namely the scalper, the day trader, the swing trader, and the position trader, and these four certainly have different trading skills requirements. By exploring the characteristics, strategies, and behaviors of different trader types, investors can gain valuable insights that enhance their ability to navigate the markets effectively. This knowledge empowers them to make more informed decisions, manage risks prudently, and seize potential opportunities with greater confidence.

TYPES OF TRADERS

1. The Scalper

Scalping is a form of fast trading that tends to be content with many small profits, and then make a lot of operations during the trading day (Lorenzo, 2012). The scalper refers to traders who trade in a fast-paced, exciting, and anxious environment. They seek to profit from changes in a security's buying and selling price (Logue, 2014). This type of trader can be extremely stressful at times as their transactions are completed in a matter of seconds to minutes. Scalpers are attempting to make a small profit per trade while closing as many trades as possible. Hence, they must work quickly to make many small trades. As an example, scalpers may buy shares at RM5.25, sell at

RM5.50, and buy again at RM5.30. This type of trader essentially must be capable of giving their full attention to trading.

2. The Day Trader

Day traders can be defined as the traders who commit to their trades daily and pay close attention to the markets (Velez and Capra, 2000). Day trading is a type of proprietary trading in which securities are bought and sold on the same day to maximize trading profits. To reduce risk, all positions are typically closed at the end of the trading day. Day traders typically use short-term trading strategies to profit from minor price movements in liquid and volatile stocks. As a result of their high frequency of trading and quick reaction to news announcements, day traders provide liquidity and efficiency in the stock market (Saw et al., 2018). As an example, a day trader might buy shares at 2.30 p.m. and sell them back at 4.30 p.m. on the same day. Day traders, unlike scalpers, do not seek to make a large number of trades. In addition to having time to monitor their position, day traders also need to analyze the market, which relies heavily on technical research and software systems to determine the best entry (buy) and exit (sell) points (“What is Swing trading vs Day Trading?”, 2022).

3. The Swing Trader

While scalpers enjoy high levels of stress when trading, swing traders experience less stress. They will profit from the movement of the share price, referred to as a price swing. Their trading range is typically two days to several weeks. Some swing traders hold positions overnight, while others hold positions for days or even months. The longer period allows for more time for a position to work out, which is especially important if the position is based on news events or requires taking a position that is contrary to market sentiment (Logue, 2014).

According to Mansuri and Siddiqui (2023), the swing trading strategy relies on a blend of fundamental and technical assessments. Swing traders evaluate the collective market sentiment, sector sentiment, and existing holdings to make informed trading decisions with the objective of capitalizing on possible market opportunities. The decision-making process in trading often entails initiating positions based on fundamental catalysts and then leaving them with the aid of technical guidance. However, it is worth noting that certain swing traders may choose to completely rely on technical indicators for their trading strategies. It is best suited for people who work full-time and can conduct market research on their off days or at night.

4. The Position Trader

Position traders place more emphasis on the long-term performance of an asset. From such a perspective, the traders are closer to long-term investors rather than to other traders. Position traders are considered long-term investors due to their holding period ranging from months to years. Other than “buy and hold”, it is the longest holding period among all trading styles (Park, 2023). They are patient traders who will trade with a huge starting capital. The goal of position traders is identifying trends in the share prices, which can continue for relatively long periods of time and profit from those trends. Generally, position trading may provide lucrative returns that will not be erased by high transaction costs.

CONCLUSION

A stock market trader can engage in any of the above-mentioned forms of trading, depending on their buying and selling decisions, as well as the reasons behind those decisions. It is important to note that everyone has different motivations for trading stocks, so a particular method may be more effective for one person than it would be for another.

By knowing the four types of traders, investors can gain insights into the market landscape, manage risks effectively, align their investment strategies, and anticipate the impact of various market participants. This knowledge provides a foundation for individuals to make informed decisions and contribute to a more successful investment journey.

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