# AN ANALYSIS OF INVESTOR BEHAVIOUR TOWARDS STOCK RETURNS

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## ABSTRACT

Recently, there is an evolution of finance theory that the return can be measured by investor behaviour. According to few researchers, trading volume is can be the best proxy in predicting the investor behaviour. Therefore, this study will use trading volume as an indicator of the price movement in the market. In addition, this study will also identify whether there exists long run relationship between trading volume. A panel data was performed by using monthly stock prices and volume traded data of Top Ten listed Company in Bursa Malaysia for the years 2006 until 2012. It was found that trading volume and stock return in Malaysia is significant. However, it was found that there is negative relationship between trading volume and stock return in Malaysia plus long-run relationship does exists between the two variables. Moreover, this study discovered that trading volume is causing the stock return.