
INCREASE THE INVESTMENT ACTIVITY OF THE STOCK MARKET

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Abstract:

Increasing investment activities in the stock market can help unlock potential growth and both individual and collective prosperity. But this requires a conducive environment initiated by various stakeholders, regulations, financial institutions, and the investors themselves. The stock market is an integral part of the economy, providing capital to businesses and investors alike. It is an important source of liquidity and profit potential for investors. This article will discuss strategies to increase the investment activity of the stock market, including reducing the cost of entry, providing better access to information, and increasing the liquidity of stocks.

Keywords: investment, stock market, investors, economy, business, technology, innovation.

The stock market has seen tremendous growth in recent years, driven by a multitude of factors, including the advancement of technology, deregulation, increased foreign investment and improved investor sentiment. This has resulted in increased investment activity and greater participation in the stock market by both institutional and retail investors. While the stock market provides many opportunities to investors, it is also associated with risk and volatility. The stock market is an important part of the economy, providing investors with the opportunity to put their money to work for a return. It is also an important source of funds for businesses, as they can raise capital by issuing shares and bonds. However, investment activity in the stock market can be volatile and investors need to be aware of the risks associated with investing in the stock market. Reducing the Cost of Entry. One of the main issues preventing many investors from investing in the stock market is the cost of entry. The cost of acquiring and trading stocks can be quite high for individual investors, and this is a major deterrent. To help encourage more people to invest in the stock market, the cost of entry needs to be reduced. This can be achieved through a number of different approaches, such as offering discounted commissions or lower trading fees. In addition, steps can be taken to make the process of opening and using a brokerage account easier and more cost-effective. Another way to increase investment activity in the stock market is to make sure that investors have better access to information. Having access to accurate and up-to-date information is essential for successful investing, and many investors are put off by the lack of reliable information available. To address this issue, government bodies should invest in providing better access to financial data and analysis. In addition, investors should have access to independent research on stocks and other investments. This will allow them to make more informed decisions and make it easier for them to understand the risks associated with each investment. Investing in the stock market is

often regarded as one of the most effective ways to grow wealth. However, many people are hesitant to invest in the stock market due to a lack of understanding or fear of financial risks. Nevertheless, investment in the stock market plays a crucial role in economic development and individual financial growth. Hence, increasing investment activity of the stock market should be a priority for everyone.

One of the fundamental reasons for the low investment activity in the stock market is a lack of understanding. A significant portion of the public is unaware of what the stock market is, its investment products, and how they work. It is, therefore, essential to highlight the benefits of investing in the stock market, such as portfolio diversification, long-term wealth growth, and the potential for high returns. Furthermore, people need to understand the technicalities of investing in the stock market. This includes financial planning, long-term and short-term financial goals, and the importance of balancing risks and rewards. This awareness can be raised through various means, including financial literacy programs or seminars, social media, or even financial advisors.

Encourage Long-Term Perspective. Another reason for the low investment activity in the stock market is short-term thinking. Many people view investing in the stock market as a means to make quick money, without any long-term perspective. The emphasis should be on long-term planning and the significance of investing in stable and profitable businesses, rather than engaging in reckless speculation. Investors need to understand that the stock market is volatile and that investing without a long-term perspective can be harmful to your finances. Instead, the focus must be on a long-term approach that includes investing in companies that have a strong track record and a history of paying dividends, focusing on cash flow rather than stock price fluctuations, and avoiding impulsive trades.

The Role of Technology. Investment in the stock market has become more accessible and profitable with the emergence of new technologies. Mobile stock trading apps, robo-advisors, and online brokerage houses have made it easier for people to trade stocks from the comfort of their homes or offices. The potential emergence of AI and machine learning in stock investments also presents a significant opportunity for investors. AI-based analysis tools can help investors make more informed decisions, and machine learning algorithms can help investors identify potential investments more accurately.

Governmental and Regulatory Measures. The government can play a significant role in boosting investment activity in the stock market. Fiscal policies, such as tax incentives, can encourage investors to invest more in the stock market. Regulations that protect investors' interests and facilitate fair investment practices can also increase investors' confidence in the stock market. Moreover, governments can establish investment infrastructure such as stock exchanges, that simplifies the process of investing in the stock market. The establishment of such infrastructure can encourage more people to invest in the stock market and lead to significant growth and development in the economy. Investors are increasingly interested in social investing or investing based on environmental, social, and governance (ESG) factors. This involves investing in companies that prioritize sustainability, ethical corporate practices, and social and

environmental responsibility. Investing in socially responsible companies can significantly contribute to socio-economic development and pave the way for a sustainable future.

The liquidity of stocks is another important factor that can affect the investment activity of the stock market. If a stock is not liquid, it can be difficult for investors to buy and sell shares quickly, and this can lead to reduced investment activity. To increase the liquidity of stocks, governments can put in place policies to encourage more trading activity. This includes reducing the minimum trading requirements for stocks, and providing incentives for market makers to provide liquidity for certain stocks. One of the primary ways to increase investment activity in the stock market is through the use of investment strategies. These strategies are designed to maximize returns while minimizing risk. Some of the more popular strategies include diversification, hedging, and momentum investing. Diversification encourages investors to spread their investments across a variety of different asset classes and sectors, reducing the risk associated with investing in a single stock or sector. Hedging involves investing in a variety of stocks and other assets to reduce the risk associated with a single stock or sector. Momentum investing involves buying stocks that have recently experienced strong gains and selling them when the gains start to slow or reverse.

Risk Management. It is also important for investors to practice risk management when investing in the stock market. Risk management is the process of managing and mitigating the risks associated with investing. This includes using strategies such as diversification and hedging, as well as utilizing stop-loss orders and trailing stops. Stop-loss orders are used to limit the amount of losses an investor is willing to accept on a position, while trailing stops are used to protect gains. Risk management also includes understanding the various types of risk associated with investing, including market risk, liquidity risk, and credit risk.

Taxes are an important consideration for investors, as they can significantly reduce the returns earned on investments. Investing in the stock market provides investors with a variety of tax advantages, including deductions for capital losses and deferral of capital gains taxes. It is important for investors to understand the various tax benefits associated with investing in the stock market and utilize them to their advantage. Investors must also take the time to educate themselves on the stock market and the various aspects of investing. This includes understanding the different types of stocks, the different markets, and the various investment strategies. It also involves researching the different stocks and sectors to determine which ones may be worthwhile investments. This is an important step for investors to take before investing in the stock market. The use of big data and analysis tools for better investing is also a popular trend. Big data can help investors make more informed decisions by analyzing trends and patterns, identifying opportunities, and predicting future market movements. Analysis tools can also make it easier for investors to monitor their investments, track changes in the market, and make informed decisions.

The stock market is an important part of the economy and can be a great source of return for investors. However, investment activity in the stock market can be volatile and investors need to be aware of the risks associated with investing in the stock market. To increase the investment activity in the stock market, governments, businesses and investors need to take steps to reduce the cost of entry, provide better access to information, and increase the liquidity of stocks. By doing this, more investors will be able to take part in the stock market and benefit from the returns it can provide. The stock market provides investors with an opportunity to earn returns and build wealth. By utilizing investment strategies, practicing risk management, taking advantage of tax benefits, and conducting research and education, investors can make more informed decisions and increase their activity in the stock market. While the stock market is associated with risk and volatility, it can also be used to generate returns and provide investors with a source of liquidity and profit potential. Investing in the stock market is an essential aspect of financial growth and economic development. By boosting awareness of the stock market, encouraging a long-term perspective, implementing technology, and supporting regulatory measures, we can increase investment activity in the stock market. The trend towards social investing and the use of big data and analysis tools also presents exciting opportunities for investors. By working together, we can unlock potential growth and achieve individual and collective prosperity.

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