

FACTORS AND WAYS TO INCREASE INVESTMENT ACTIVITY IN THE STOCK MARKET

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Abstract

The stock market plays a key role in the economy, being one of the main tools for attracting investments and financing companies. Investment activity in the stock market has a significant impact on the financial stability and growth of the country's economy as a whole. In this article, we will look at the factors influencing investment activity in the stock market, as well as ways to increase it.

Keywords: factors, ways, increase, investment activity, stock market, economic stability, regulation, legal protection, macroeconomic indicators.

Introduction

The stock market is one of the key elements of any country's financial system. It plays an important role in the economy by providing access to capital for companies and investors. One of the main indicators of the effectiveness of the stock market is investment activity, which reflects the interest of investors in various assets and instruments on the market. In this article, we will look at the factors influencing investment activity in the stock market, as well as ways to increase it.

One of the key factors determining investment activity in the stock market is the economic stability of the country. Investors prefer to place their funds in countries with reliable economies, stable political climate and predictable rules of the game in the market. High interest rates may discourage investors from the stock market, as they will prefer to invest in less risky assets such as bonds. Low interest rates, on the contrary, contribute to the growth of investment activity in the stock market, as they make securities more attractive in terms of profitability. Instability in the political sphere can cause uncertainty in the stock market and reduce investment activity. Investors are cautious about investing in countries where political conflicts or changes in legislation are possible, which may negatively affect the business environment. The development of technology and the emergence of new trading platforms contribute to increasing the liquidity and attractiveness of the stock market for investors. Thanks to technical innovations, investors can carry out transactions in the market faster and more conveniently, which stimulates their activity. Ensuring transparency and reliability of information about companies and financial instruments helps to increase investor confidence in the stock market. This can be achieved by improving company reporting, market regulation, and improving audit quality. Investor education programs and the dissemination of information about the stock market can help attract new participants and increase investment activity. Educated investors make decisions more consciously and can manage their investments more



effectively. Government support for investments can stimulate activity in the stock market. This may include tax incentives for investors, various investment programs, and financial incentives for companies. Improving the infrastructure of the stock market, including the development of trading platforms, clearing and settlement systems, also contributes to increasing its attractiveness to investors. In general, increasing investment activity in the stock market requires an integrated approach and consideration of various factors affecting the market environment. The implementation of effective strategies to improve investment conditions can contribute to the stable growth of the market and the development of the economy as a whole.

Factors affecting investment activity:

Economic stability: One of the main factors influencing investment activity in the stock market is the economic stability of the country. Investors prefer to invest their funds in countries with stable economies, where there are no significant political and economic risks.

Regulation and legal protection: The quality of regulation and legal protection of investors' rights also have a significant impact on investment activity in the stock market. The higher the level of investor protection and market transparency, the more trust they have in the market and are willing to invest their funds in it.

Macroeconomic indicators: Fundamental macroeconomic indicators such as inflation, unemployment, GDP and interest rates also have an impact on investment activity in the stock market. Investors keep an eye on these indicators because they reflect the state of the economy and can affect the return on investment.

Technological innovation: The introduction of new technologies in the financial sector also affects investment activity in the stock market. Technological innovations make the market more accessible and transparent, allowing investors to quickly receive information and carry out transactions.

Geopolitical situation: Geopolitical events such as conflicts, terrorist attacks, and political crises can also have an impact on investment activity in the stock market. Uncertainty and instability in global politics can cause panic among investors and lead to a decrease in market activity.

Increase transparency and protection of investors' rights

Increasing transparency and protecting investors' rights: One of the key ways to increase investment activity in the stock market is to improve market transparency and protect investors' rights. This can be achieved by improving legislation, improving the work of regulatory authorities and ensuring access to high-quality information.

Creating a favorable investment environment: In order to attract investments, it is necessary to create a favorable investment environment, including a stable political and economic environment, as well as an effective system of taxation and regulation.

Financial infrastructure development: The development of financial infrastructure, including exchange trading, settlement systems and clearing services, also contributes to increasing investment activity in the stock market, making it more accessible and efficient for investors.



Promotion of education and awareness: Education and awareness play an important role in increasing investment activity in the stock market. Conducting educational programs, seminars and courses on financial literacy helps investors better understand the market and make more informed decisions.

Stimulating innovation and technology development: In order to attract investment, it is necessary to stimulate innovation and technology development in the financial sector. This will create new investment opportunities and make the market more attractive to investors.

Investment activity in the stock market plays an important role in the development of the economy and ensuring the growth of companies. Understanding the factors influencing investment activity and using appropriate strategies to manage them helps to create a favorable investment environment and attract new investments. The development of the stock market and the increase of its investment activity requires an integrated approach and cooperation of all financial market participants.

In this article, the factors influencing investment activity in the stock market have been considered, as well as ways to increase it. Investment activity is a key indicator of the stock market and plays an important role in the development of the economy. One of the most significant factors affecting investment activity is economic stability, as well as the quality of regulation and legal protection of investors. In addition, macroeconomic indicators, technological innovations and the geopolitical situation also have a significant impact on investor activity in the market. To increase investment activity, it is necessary to improve market transparency, protect investors' rights and create a favorable investment environment. The development of financial infrastructure, the promotion of innovation and the development of technology also contribute to attracting new investments. In general, increasing investment activity in the stock market requires an integrated approach and cooperation of all market participants. The implementation of appropriate strategies will create a favorable investment environment and stimulate economic growth.

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