

2. PATTERNS OF TWO DAYS

Table 3 lists us relative frequencies and

Figure 2 shows us frequencies of two daily

patterns. First of all, we should test whether these patterns have equal probabilities. If these patterns have equal probabilities, they all should have nearly $1/25 = 0.04$ probabilities. Testing this hypothesis, it is evident that patterns -2-2 and 22 have significantly different probabilities than 0.04.

As can be seen from the Table 3, maximum relative frequency is $P(22) = 0.092$ and the second highest relative frequency corresponds to the pattern -2-2 with the relative frequency $P(-2-2) = 0.069$. Also we should mention that using 5% significance level, we found that the ratio of 0.092 was significantly higher than the ratio of 0.070. This result leads us to a conclusion that within the context of two daily patterns, Istanbul Stock Index sends "it stays up" messages more often than "it stays down" messages.

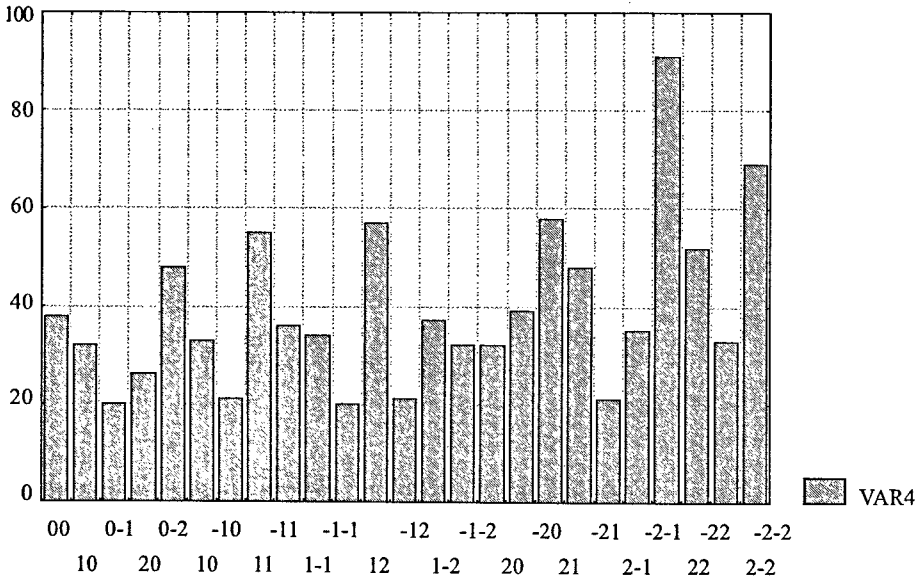


Fig. 2. Frequencies of Two Daily Patterns

We know that for an investor being at the right place (at the right stock) at the right time (at the right investment period) is much more vital than any other factors. At this point we should point out that in spite of a tendency of the mean approaching nearly zero on the long run, the investor might have some opportunities on the short run.