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Impact of T20 Cricket Matches on Stock Market: An Evidence from Pakistan Cricket and KSE

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ABSTRACT

This study examines whether the outcomes of Twenty20 (T20) international cricket matches played by Pakistan influence stock market performance, focusing on the Karachi Stock Exchange (KSE) 100 Index. Grounded in behavioural finance theory, the research explores the notion that investor sentiment shaped by emotionally charged national sporting events may spill over into financial decision-making. Using secondary data on Pakistan's T20 matches and daily KSE-100 index returns covering the period from 2006 to 2024, the study applies a dummy regression methodology to capture the effects of match wins and losses on subsequent stock market returns. Match outcomes are represented through binary variables, while stock returns are computed using logarithmic daily index changes. Descriptive statistics and regression results reveal that although Pakistan's T20 victories and defeats generate observable emotional reactions among the public, their direct impact on stock market returns is statistically insignificant. Both winning and losing coefficients are found to be positive but insignificant, leading to acceptance of the null hypothesis that T20 match results do not materially affect KSE-100 returns. The findings suggest that the short duration of the T20 format, market holidays, timing of matches, and rapid dissipation of investor emotions limit the persistence of sentiment effects on trading behaviour. This study contributes to the behavioural finance literature by extending sports–finance analysis to the T20 cricket format in Pakistan, offering insights for investors, policymakers, and researchers on the limits of non-economic sentiment in influencing emerging stock markets.

Keywords: T20 cricket; Stock market returns; Behavioural finance; Investor sentiment; KSE-100 Index; Pakistan

1. Introduction

For any country, the stock market is one of the essential parameters that provide information on the health of the economy. It helps the companies to find funds, and in the same breath, it allows investors to allocate their capital properly. In Pakistan, the Karachi Stock Exchange (KSE), now part of the Pakistan Stock Exchange (PSX), plays a pivotal role in the country's financial system. KSE 100 belongs to one of the oldest and largest stock exchanges in South Asia and is a kind of indicator of the given exchange that reflects the condition of the large companies listed on the exchange. Stock price fluctuation depends on several factors, such as economic factors, political stability and the traders' sentiments. However, sporting events have also been known to affect not only the non-economic indicators of the market but also the stock market (Zakhidov, 2024).

The T20 format of Cricket has attracted the youth of Pakistan in the last two decades to a larger extent. T20 cricket is one of the exciting modes of cricket that has received the attention of millions of fans. Pakistan's cricket team is one of the strongest cricket teams in the context of the T20 World Cup and won the T20 World Cup in 2009. Crisis Feeding ambitions The passion for Cricket, particularly in Pakistan, is immense, and the fan base reacts emotionally to the



performance of the team. These emotions may not be restricted to the realm of Cricket and can affect other domains of life, including business and finance, for instance, the stock exchange business (Verma et al., 2021).

Research has been done on a variety of occasions where special emphasis has been placed on sports events and stock markets. For instance, Edmans (2007) also reported that the stocks of a country's companies fell when the country's soccer team was eliminated from a major tournament. In the same regard, Mishra and Smith (2010) looked into ODI cricket matches and their effect on the Indian stock market and established that whenever the Indian cricket team loses, there is a negative effect on stock returns. These studies focus on behavioural finance theory, the view that cognitive and affective frames can affect investors. Happiness in investors may lead to increased investment in the stock market due to a higher tendency to take risks, while sad investors would avoid investment in the stock market due to their reluctance to take risks (Huy et al., 2021).

1.1 Problem Statement

Despite the longstanding empirical research investment in sporting events and stock market performance, there is a research void of T20 cricket matches and stock market returns, especially in the case of Pakistan. Whereas some of the most recent research, such as Mishra and Smith (2010), has explained how ODI cricket affects the Indian stock market, very little literature examines the influence of the shorter and dynamic format T20. Since the people of Pakistan are greatly fond of T20 cricket and they tend to have a sort of hype for the national team, it becomes important to examine the relationship that exists between the T20 match results of the country's team and the KSE 100 index.

To this end, this study will seek to fill this gap by analysing the effect of the games conducted by the Pakistan T20 team on the KSE 100 index returns. Pursuant to this research, data obtained from 2006 to 2016 indicates that analysis of wins and losses in T20 matches can have an impact on stock market performance. Thus, the implications of the study will benefit the available literature on behavioural finance, as well as investors, regulators, and policymakers from Pakistan.

1.2 Rationale

This research is justified due to cultural and economic differences found in Pakistan. Cricket is not merely a game of bat and ball in Pakistan, it actually forms part of the people's cultural identity. Watching the performance of the national cricket team triggers some passion that makes fans transfer such feelings in other aspects, including decision-making about finances. For example, if the Pakistani cricket team defeats an opponent in an important match, people distribute sweets and burst firecrackers and celebrate in general. On the other hand, a loss can cause disappointment and frustration to occur (Khera et al., 2022). The blow-by-blow aspects make the T20 format most applicable in relation to the present issue since it is fast-paced and entertaining. Compared to test matches or one-day international matches, T20 matches are usually played and completed within a few hours, and hence, they can easily be followed by a larger number of people. It has also made cricket popular for sale, as seen with the PSL that was initiated and is being processed at a very high level, attracting a lot of investors and media attention. Since T20 cricket has gained much popularity across the world, it becomes possible to hypothesize that the results of the cricket matches affect the overall investors' attitude and have an impact on stock exchange performance (Zhang & Hamori, 2021).

1.3 Research Questions

This study seeks to answer the following research questions:

- ✓ What is the impact of T20 cricket matches on the stock market in Pakistan?
- ✓ How do wins and losses of the Pakistan cricket team affect the KSE 100 index returns?
- ✓ Is there a significant relationship between T20 match results and stock market performance?

1.4 Objectives of the Research

The primary objectives of this research are as follows:

- ✓ To examine the impact of T20 matches played by Pakistan on KSE returns.
- ✓ To analyze the effect of non-economic events (cricket matches) on stock market performance.
- ✓ To investigate the stock market reactions following a win or loss by the Pakistan cricket team.
- ✓ To determine if there is a relationship between match results and KSE stock returns.

1.5 Significance of the Research

Thus, the findings of this study bear both theoretical and practical implications. From a pragmatic point of view, it will be useful to investors, brokers, and other organizations such as the Securities and Exchange Commission of Pakistan (SECP). Considering the results obtained in this study, the investors can be in a better position to purchase or sell stocks based on



the T20 games results. Similarly, the companies willing to come up with their IPOs always set them during such periods as the end of a winning streak in a coveted cup by the national cricket team (Sadiq et al., 2021).

From the perspective of theory, this research makes a contribution to the behavioural finance literature by studying the effects of sports sentiment on stock return. In extending this scholarship to the T20 format, this paper also addresses an important element that has still not been explored in previous works, which has concentrated on soccer as well as ODI cricket. The outcomes of the study will also help to develop further practical research on the connection between sports events and financial markets in other countries of South Asia (Venturini, 2022).

1.6 Scope of the Research

This paper involves analyzing T20 matches of the Pakistan cricket team starting from 2006 to 2024. Therefore, the yes/no analysis is performed only on the basis of the KSE 100 index since it is an appropriate measure of the Pakistani stock exchange market. In this work, an attempt is made to carry out an empirical analysis to understand whether the results of T20 matches equally, positively, or negatively affect the stock market returns on match days as compared to non-match days. Yet it will be illustrated in this paper that Pakistani concerns can be generalized to other South Asian countries, which share the same love for cricket.

1.7 Overall Plan of the Study

The specification of this research work is made up of five chapters. The next chapter focuses on the research problem with details on its background, purpose, and importance of the study. Chapter 2 provides the reader with a literature review of the various theories and empirical findings concerning sports events, emotions and the performance of the stock market. The description of the data collection and analysis is presented in Chapter 3 of the research work. Chapter 4 contains the findings of the study, and Chapter 5 the discussion of the study's implications and conclusion, followed by a suggestion for further research.

2. Literature Review

2.1 Sporting Events and Emotions

Sports are convincing and highly charged events that cause numerous associations and attract emotions of happiness, interest, grief and disappointment. The literature has documented how fans develop an association with their favourite sports teams or sportspersons. Su et al. (2022), in part, argue that sports fans tend to feel a great level of identification with their preferred teams, and this affects them socially, emotionally and currently. It is most present in team-based sports, as fans have developed some sort of emotional affiliation with their team (Mastromartino et al., 2022). Positive and negative emotions of fans differ depending on the value of the event, the performance of the team and the level of adoration by fans. For instance, Huettermann et al. (2022) discovered that fans who are highly involved in following teams are more likely to experience high levels of emotions when their teams win or lose. The authors of Wang et al. (2023) also mentioned that mindfulness-based interventions may improve the athletes' performance, thus altering spectators' emotions.

This is an area that has garnered a lot of attention from various scholars regarding the psychological effects of sporting activities on fans. According to Cho et al. (2021, for instance), nostalgia was seen to have a particularly influential impact on the emotions of the fans of sporting activities. Loyal supporters tend to associate certain feelings with the team hence, when they reminisce about the past, some of the emotions may be elicited. In a similar way, Paek et al. (2021) stated that the type of bonds that fans have with their preferred teams could determine how they feel about sporting activities.

2.2 Emotions and Investment Decisions

The implications of effect in the decision-making process became another important topic to be discussed actively in behavioural finance literature. Chang and Inoue (2021) explain that emotions have a direct impact on the decisions made by investors, thus resulting in a lot of irrationality. This concept of thinking is known as the behavioural idea of bounded rationality, which posits that investors may not be rational all the time and may follow feelings to make a decision rather than rational and sound thinking. Wang et al. (2021) examined the study about the perceived value of sports events with the input factor of the display of emotions and the ability to purchase associated products or services impacts the willingness to invest. This analysis reveals that emotions are essential contributors to determining investor behaviour and decision-making. In the same way, Ullah et al. (2021) noted that consumers' attitudes toward the company's CSR initiatives also impact emotions toward a specific team and, consequently, their investments. Cabello-Manrique et al., 2021 extended the issue of the effect of emotions in decision-making by noting that such feelings can have an impact on the behaviour of the sports



event spectators. Likewise, Kusumah (2023) also states that fans are likely to associate themselves to a certain extent with the sport, which in turn dictates the extent to which they would spend on the merchandise of the particular sport or other products connected to it.

2.3 Mood Variables and Stock Returns

Besides emotions, some other factors, including weather, daylight savings, and lunar cycles, have an effect on stock market returns. In their published work, Ramchandani et al. (2022) pointed out that the perceptions of how spectators were influenced by football events influenced their subjective well-being, which in turn affected stock markets through investors' moods. For a similar context, Biscaia et al. (2024) also noted that service quality regarding spectator sports has the potential to affect the spectators' emotions, which were thus influencing investment conduits. The January effect that Post (1969) suggested as an instance of mood variable effects is whereby stocks have an upward trend as the new year begins in the first month of the year. As it turns out in the study done by Winell et al. (2022), the commodification of elite sports may alter the way fans feel and the way they are willing to put their money with reference to the investments in question. Likewise, the weekend effect, which characterizes the tendency for stock returns to be higher on Mondays as compared to other days of the week, has been explained by changes in investor behaviour due to events occurring over the weekend (Rai et al., 2023). This could further support the assertion of the mood variables, given that Capasa et al. (2022) posited that the virtual experiences towards mega sports events have a bearing on the spectators' mood, hence affecting their investment decisions. As per Biscaia et al. (2023), the quality of services related to spectator sporting events can influence spectators' emotions followed by their investment decisions.

2.4 Sports Events and Stock Returns

Correlation has been done between sporting events and the stock market to determine the effects of the former on the latter, according to Fernández-Martínez et al. (2021), which has made a general assumption that the management of major sporting events impacts the spectator's emotional state which affects investment decisions. Chang (2021) also established that game situation emotions play a part in the food cravings of the spectators, which is likely to influence decisions of investment. However, the findings of this study, as mentioned in the literature, are ambiguous. According to a survey conducted by Paek et al. (2021), human emotions that result from motives for the relationship and sports consumption intention can affect spectators' emotional experience and, thus, their investments. Similarly, Cayolla et al. (2023) opined that the spectators' possible attitudes have an effect on their emotions, and this influences the investment decisions of these spectators.

2.5 Gaps Identified in Literature

These are some of the gaps that still need filling when it comes to the subject of the influence of sporting events on stock market returns. Firstly, there is insufficient literature that has been published in an international journal or forum regarding the effects of T20 games on stock markets. As much as there are already works that established the impact of football matches on stock markets, such as Tamir (2022), the T20 format is shorter and deserves more research. Second, there is little existing literature on the effects of matches in Pakistan. Since cricket is one of the most popular sports in Pakistan and Pakistani people are very sensitive about their national team, it becomes crucial to identify whether T20 match results have an impact on the KSE 100 index. Further, it's worthwhile to employ a dummy regression analysis to establish the effects of the match results on stock returns. Although prior research has applied the event study methodology, the dummy regression models can give a deeper understanding of links between sports event occurrences and stock market returns.

2.6 Conceptual Framework

The theoretical foundation of this research is grounded in the assumption that the outcomes of the T20 international matches of the Pakistan cricket team have a bearing on investors' attitudes, which consequently impacts the stock market. They are available in the form of wins and losses of candidates scored during games, as well as positive or negative emotions of the investors. In the same way, when the Pakistan T20 team wins, the audiences feel glad and patriotic, which increases the confidence level of investors and, hence, the rise in the Karachi stock exchange. On the other hand, when Pakistan wins a match, fans have positive feelings, which can translate to investors increasing their confidence, which increases the rate of returns in the stock markets. This is explained by factors like the match's importance, the fan engagement rate, and whether the match happens during the period when the stock market is active or not.

2.7 Hypotheses of the Study

Based on the conceptual framework, the following hypotheses are proposed:

- ✓ H0: Win or loss of Pakistan T20 matches does not affect stock market returns.



✓ H1: Results of Pakistan T20 matches affect stock market returns.

These hypotheses will be tested using dummy regression models, with the dependent variable being the KSE 100 index returns and the independent variables being the results of T20 matches (wins and losses).

3. Research Methodology

3.1 Population of study

In this study, population has been divided in to two sections. First population of the study is KSE (Karachi Stock Exchange) 100 index. Second population of this study consists of T20 cricket matches played by Pakistan cricket team. For this current study, the impact of T20 matches played by Pakistan cricket team from August 2006 to 2024 is examined on the stock exchange of Pakistan. Total matches during this tenure are 249. To examine the stock market business stock market data of KSE 100 index from 2006 to 2024 was collected. Data of T20 matches for the same time period is also gathered for T20 matches played by Pakistan cricket team.

3.2 Data Sources

For KSE returns data is collected from www.khistocks.com and for T20 Cricket matches data is collected from www.stats.espncricinfo.com and www.howstat.com

3.3 Data analysis software and techniques

In this research, MS Excel 2007 is used to analyze the data. Data normality and dummy regression analysis is applied to find the effect of T20 matches on stock exchange returns of KSE.

3.4 Dummy Regression Model

Dummy Regression model is being used for this study. It is used to check market irregularities. Daily return is used in this study as dependent variable which is calculated from the stock index. KSE 100 index returns on the very next day after cricket match are taken and it is also noticed very carefully that the return should be taken on the date which incorporates the news of cricket match either it is won by Pakistan or not. In order to check the impact of the T20 cricket matches on the KSE 100 Index, dummy variable regression model is used. Dummy regression model is a standard tool to assessing securities market regularities. Following regression model is used for this study.

$$R_t = \beta_0 + \beta_W W_t + \beta_L L_t + \varepsilon_t$$

Where R_t is log return of KSE 100 Index and W_t and L_t are dummy variables which shows whether Pakistan team wins or loses. W_t denotes the winning situation of Pakistan cricket team and L_t indicates the loss situation of Pakistan cricket team. Value 1 is given to the winning situation (W_t) otherwise 0 on the next day after the match of Pakistan cricket team while value 1 is given to the loss situation (L_t) of Pakistan cricket team otherwise 0 on the day after the match lost by Pakistan. Return is calculated by using the following formula.

$$R_t = \ln (P_t / P_{t-1}) * 100$$

Where \ln is the natural log, R_t is Return of match day, P_t is the closing value of index of match day trading and P_{t-1} is the closing value of index of previous day trading.

4. Descriptive Statistics and Results

Different descriptive statistics like mean, skewness, kurtosis etc are discussed to check the nature of the data. It also contains descriptive of the returns after the match day. Two dummy variables used in this study are W_t and L_t .

Total Matches	Won	Lost	Won Percentage	Lost Percentage
249	142	107	57.03%	42.97%

Table 1: Total Matches along with percentage

The above Table 1 show the details of all the T20 matches played by Pakistan against all international cricket teams. This shows that win percentage is greater than the lose percentage since the introduction of International T20 to September 2016. Table shows that Pakistan has 57.03 % winning rate. Empirically it can be said that Pakistan can give tough time to other cricket teams so rest of the international cricket teams consider Pakistan Cricket team a great rival.

4.1 Discriptive Statistics



The following is the table (Table-2) containing descriptive statistics of the two variables-T20 Match and KSE Index. T20 Match mean equals 0.570281 points to the fact that matches took place more often than in any other case and the KSE Index mean equals 0.191534 states fewer occurrences of index-associated events. The standard error found in this T20 match is 0.031435 which is comparatively lower than the standard error of the KSE Index (0.08766), so the results achieved from the T20 match are more accurate. T20 Match with the median of 1 being significantly higher implies that these took place more frequently while the KSE Index median is zero, implying that the occurrences were rare. Based on variability, the standard deviation of KSE index 1.383252 and sample variance of KSE index 1.913386 disclosed higher variability than T20 Match having a standard deviation of 0.496033 and sample variance of 0.246049, which indicates that the data of the KSE Index is a far more dispersed than those of T20 Match. The kurtosis for the T20 Match is low (-1.93399), which implies a flat bell-shaped curve and the KSE Index is (20.05242), which shows a more peaky curve and more outcome tail. The last two moments are the measures of skewness, T20 Match has skewness at -0.28567 with left skewness while the KSE Index has 2.927828 with right skewness, meaning that the data is skewed.

	Mean	Standard Error	Median	Standard Deviation	Sample Variance	Kurtosis	Skewness
T20 Match	0.570281	0.031435	1	0.496033	0.246049	-1.93399	-0.28567
KSE Index	0.191534	0.08766	0	1.383252	1.913386	20.05242	2.927828

Table 2: Descriptive Statistics of Matches

4.2 Regression

It is a statistical tool to show the impact of independent variables on dependent variable (Table 3 & 4). In this study linear regression using dummy variables have been used. These dummy variables are taken as independent variables while Karachi Stock Exchange 100 index is taken as dependent variable. Following regression model is used:

$$R_t = \beta_0 + \beta_W W_t + \beta_L L_t + \varepsilon_t$$

Dummy regression model results.

	Beta	Standard Error	t - Stat	P- value
Intercept	0.0149	0.132	2.45	0.09
X Variable Wt	0.3618	0.1759	-0.111	0.40

R²= 0.4168, Standard Error=1.37 F=4.23

Table 3: Regression Statistics

When L_t is used as independent variable the following results are shown by the data.

	Beta	Standard Error	t Stat	P-value
Intercept	0.034	0.11	3.00	0.00
X Variable L_t	0.6185	1.37	-0.25	0.40

Table 4: Regression result using L_t as independent variable

Above table shows that beta coefficient for the matches lost is positive (-0.6185) but insignificant as p value is not less than the confidence interval. Similarly it is clear from the winning table that beta coefficient for the matches win is positive (0.3618) but insignificant as p value is not less than the confidence interval i.e. (0.48). This means that our null hypothesis is accepted. That is “Results of Pakistan T20 matches do not affect stock market returns”. One reason can be the short format of the game because T20 is a shortest international format of cricket and investors invest in T20 game played by Pakistan, their sentiments get lost till the opening of the trading day of stock exchange.

05. Discussion of Results

It is a fact that in South Asian region cricket is a game of prime importance and great concern. People of Pakistan, India, Bangladesh, Afghanistan and Sri Lanka are too much attached with this game. Now particularly considering the scenario in context of Pakistan, it can be stated that regardless the fact that hockey is Pakistan’s national game people pay more attention and interest towards cricket and especially short format of cricket matches i.e. T20 matches. The ratio of people of Pakistan who show interest in T20 cricket matches is more than those who do not take interest in cricket. It has been seen many times that people show strong behavioral reaction even during matches and also after results of matches. People seem praying and broking TVs upon the results of matches. This shows strong attachment of people with this game. Similarly



some investors also show their reactions after match results. So match results have influence on the business and economic activities of people. This study have observed the impact of all T20 cricket matches played by Pakistan on KSE Stock returns. The findings of this research study are not in same direction as to the study of Mishra and Smyth (2010). It has been observed that Mishra and Smyth (2010) have not considered the impact of T20 cricket matches.

In the light of above mentioned discussion now specifically speaking about Pakistan scenario it can be seen that people of Pakistan are too much passionate about cricket and share their emotions with this game. They pray for the victory of their green team from the core of their heart and support their team and also distribute sweets on the victory. In the light of above discussion it is concluded that the results of this present study has not so much resemblance with the results of findings of Mishra and Smyth (2010). There can be so many reasons for this. One can be small sample size. Only 109 matches are considered for this study. For better results sample size should be large. Secondly there were holidays after match results. People do not carry their emotions too long. So when there was holiday after match results, people lost their emotions till the opening of stock exchange. Thirdly some matches are played in the night. So during match stock exchange get close and at that time no reaction on Stock Exchange is possible. Fourthly there was limitation of the data and test used in the study.

Boyle and Walter (2003) found no relation between New Zealand Rugby Team performance and stock returns of New Zealand. One reason for such contradictory is that the personalisation of sports results has offsetting effects on investor behaviour. Because of the tendency to bask in the reflected glory, or wallow in the reflected failure, associated with sporting event outcomes, investors are also more likely to be aware of the source of their elation or misery when it is due to sports results than when it is due to weather conditions or time changes. This greater self-awareness of the cause of their emotional state potentially provides greater scope for investors to resist irrational impulses. Here T20 match concern is different from the study of Boyle and Walter (2003). Similarly, Berument (2006) examined suggested that Stock market returns increased when Besiktas won while win by Fenerbahce and Galatasary did not have the same impact on stock returns. This showed that this study focused on the winning situation of specific teams. Here some categories of same countru teams are discussed. While in current study international matches considering only Pakistan cricket team was considered. Mishra and Smith (2010) finding stated that Indian Team's winning showed upward movement of stock returns while lose showed negative movement of the stock returns. One reason for this behavior is the availability of non experimental secondary level data. Similarly Abdul Rehman (2015) showed that win or lose have no influence on returns but significant influence on volatility. Reason for such reaction is the craze of people. People of Pakistan are much crazy about cricket. On match day most trading activities decline as people get busy in paying attention on the match.

Krueger and Kennedy (1990) concluded that winning of team belonging to 'National Football League' caused market returns at the end of month and the winning team belonging to 'American Football League' caused market returns lowered. The reason for this reaction was large sample size. Five indices were used in that study. if current researched is compared with the study of of Krueger and Kennedy (1990) it has observed that T20 matches are small in numbers. So sample size is small due to which results are insignificant. Similarly Ashton (2003) showed a significant relationship between performance of LSE index and change in the prices of the stock. Two possible reasons were mentioned by Ashton in the study. First is the 'feelgood' effect and second is the commercial importance of international tournament finals. There is no such trend here in Pakistan. This may be the cause of insignificant results of T20 matches on PSX. Still now, no major tournament final has been played here in Pakistan so commercial importance of tournament final is illogical. Edwan (2007) found a significant relation between some sport events specially football and stock market. 39 countries were used for that study. So sample size was large so results were significant up to some extent. Furthermore other than soccer games were also considered and cross sectional data was collected. In current study only one country has been taken due to which results are insignificant. Some psychological researchers (Petty & Gleicher, 1991; Hirt & Zillmann, 1992; Wann and Dolan, 2004; Arkes & Herren, 1988) studied stock market and results of international matches and found a strong link between the results of international sporting matches and the moods of the viewers.

6. Recommendations

It is evident from previous research studies that despite of being an off market factor, games and specifically speaking cricket game has potential to affect the stock market returns. This study provides the extension to the literature of behavioral finance by proving that investors are influenced by the results of cricket matches of Pakistan cricket team. This study



inculcates that investors should take decision on the basis of technical, fundamental and rational analysis in spite of making investment or trading decision on emotional basis. Strip option is the best and very useful strategy when there is an uncertain situation and there is possibility that Pakistan will lose the match. Strip option is a combination of two put and one call options and investors should go for it when there is a probability that prices of shares and stocks may go down in stock market. But if traders are of the view that circumstances are showing the victory of Pakistan cricket team then they should go for strap option which is a combination of two calls and one put options. When investors buy stock, the demand increases and so that of prices of stock. This result will impact on the economic indicators as well.

7. Conclusion

Having interest in cricket as well as in business is the motive to conduct this study to understand and determine the impacts of this famous game of cricket on the stock market of Pakistan. This study adds valuable information and literature to the existing literature of behavioral finance by explaining the off market factors that have impact on stock market of Pakistan. In this study the independent dummy variable was the results of T20 matches and dummy variables are categorized into two different classes. The first dummy variable of this present research study is winning result of the match denoted by W_t and the other independent dummy variable of the study is result of lost match which is denoted by L_t . Dependent variable was KSE 100 index returns. Analysis was performed to test the hypotheses and statistical results of this present research study are explained in detail in chapter number four which is concerned with the analyses and interpretation of results. It has been found in the statistical analysis of the research that the overall impact of T20 matches on stock exchange is minor because a slight change in the returns of stock market during match days is observed as compared to the non match days. While checking the results of dummy variables separately results of dummy regression model disclosed that the matches won by Pakistani cricket team have substantial positive impact on the mood of investors and they behave optimistically in stock market. They take bold decisions in sale and purchase of securities. This ultimately results in the increase in the volume of stock returns in the stock exchange. While on the other hand the matches lost by Pakistan team have substantial and moderate negative impact on the stock market returns of Pakistan stock exchanges. The reason of this negative impact is that defeat of Pakistan cricket team in T20 match adversely affects the mood of investors of stock market. They think pessimistically under the influence of defeat of Pakistan cricket team as a result of which they hesitate to take bold decisions regarding sale and purchase of stocks and securities at stock market. The less the volume of trade the lower will be the returns. The results of study are supported by the studies of Mishra and Smyth (2010). The results of this present study have also much more resemblance with the earlier studies of Ashton et al.(2003), Boyle and Water (2003), Berument et al. (2006).

Above table shows that beta coefficient for the matches lost is negative (-0.06) but insignificant as p value is not less than the confidence interval. Similarly it is clear from the winning table that beta coefficient for the matches win is negative (-0.16) but insignificant as p value is not less than the confidence interval i.e. (0.48). This means that our null hypothesis is accepted. That is “Results of Pakistan T20 matches do not affect stock market returns”. One reason can be the short format of the game because T20 is a shortest international format of cricket and investors invest in T20 game played by Pakistan, their sentiments get lost till the opening of the trading day of stock exchange.

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