

**INDIA'S CRICKET PERFORMANCE AND ITS IMPACT ON THE
STOCK MARKET**

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A project report submitted to the

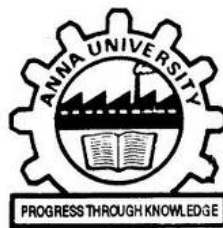
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ABSTRACT

Behavioral economics suggests that non-economic events also have an effect on the stock market of a country. The dissertation tries to empirically test this by studying the effects of the Indian cricket team's performance with the Indian Nifty index. Literature on behavioral economics suggest that sporting events could affect an investor psychologically thereby modifying the way he judges and makes decisions. This effect can have an impact on the stock market either positively or negatively.

This effect is tested for by using a Logistic Regression framework to observe if a win or loss by the Indian Cricket team causes the market index to either gain or lose respectively. Using the data of all the cricket matches played by India for the period from 1995 to 2009 including the One Day Internationals, Test Matches and Twenty-20s, this study found a significant market gain the day after the completion of the match particularly in ODI matches. The gain was also found to be higher against top ranked nations and the matches played in outside India venues.