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A. INTRODUCTION

A1. What is Behavioral finance?

Behavioral finance evolved out of the prerequisite to rationalize the irrational behavior of markets and investors, or, as one renowned economist described it, finance from a larger social science perspective that includes psychology and sociology. Behavioral finance, a subset of Behavioral economics, theorizes that psychological factors and biases influence investors' and financial practitioners' financial activities. Furthermore, effects and biases can be used to explain a variety of market abnormalities, particularly market anomalies in the stock market, such as sharp price spikes or decreases.

Behavioral finance can be examined from several angles. Stock market returns are one area of finance where psychological factors are frequently considered to influence market outcomes and returns, although there are a variety of ways to look at it. The goal of Behavioral finance classification is to better understand why people make specific financial decisions and how those decisions affect markets. Financial participants are supposed to be psychologically influential with somewhat normal and self-controlling inclinations in Behavioral finance, rather than totally rational and self-controlling. Markets and investors, according to traditional financial theory, are rational; investors have complete self-control and are unaffected by cognitive or information processing flaws.

Behavioral finance now argues that investors are "normal," not "rational," because individuals have limits to their self-control, are influenced by their own biases, and make cognitive errors that can lead to poor decisions, according to the Corporate Finance Institute. To comprehend what Behavioral finance is, we must first comprehend Traditional Finance Theory. Three basic assumptions underpin traditional finance theory –

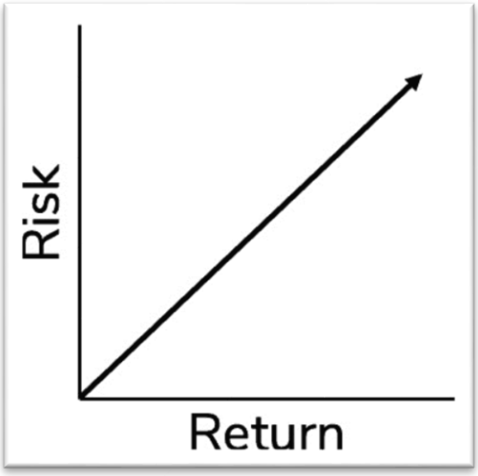
- Individuals have complete control over their actions.
- Individuals are aware of all relevant information before making decisions.
- Individuals make decisions in a consistent manner.

Traditional Finance Theory asserts, in a nutshell, that people constantly make rational decisions based purely on the objective information at hand. Humans, on the other hand, are not always sensible. In the actual world –

- We don't always have self-control.

- We don't always have the time to process all the information before taking a decision.
- We don't always follow through on our decisions.

As a result, Behavioral finance differs from traditional finance theory in that it emphasizes the



importance of psychology in individual decision-making. As a result, Behavioral finance is the idea

Graphical Representation of the Linear Relationship between Investment Risk & Return

that humans are prone to make poor decisions because of a range of psychological factors that infuse emotion into our decision-making. To put it another way, humans can make irrational financial judgments.

<u>A2. Behavioral Finance Biases and their Concepts –</u>

Loss Aversion

Loss aversion refers to the belief that losses have a larger emotional impact than benefits. To put it another way, if given the option, people will prefer to avoid losses above achieving profits. As an example, suppose we invested in a particular stock. Loss aversion says that we would be more ready to sell a stock if its value dropped 20% rather than increased 20%. This is even though purchasing additional stock after its value has dropped lowers our average cost of acquisition.

Overconfidence and Illusion Control

Overconfidence is the ego-driven assumption that people overestimate their knowledge on a subject and think they have an advantage over others. Let's pretend we've opted to trade stocks as an example. We hit a hot streak, which resulted in some fantastic profits. As a result, we may assume we've broken the code to outsmart the market and are in command.

Representative Bias

Individuals' inclination to make decisions based on their prior experiences is known as representative bias. As a result, similarities to previous experiences will have a higher psychological impact than the real likelihood of the event occurring. Let's pretend we were one of the fortunate few who invested in Amazon early on. We would have generated some fantastic profits.

As a result, we may get the impression that investing in technology businesses is the only option to achieve those kinds of profits. Let's also say that we have the option of investing in either a technology business with mediocre growth or a construction company with strong growth. Because of our previous investment benefits connected with the technology sector, representative bias would boost our investing preference towards investing in a technology company.

Confirmation Bias

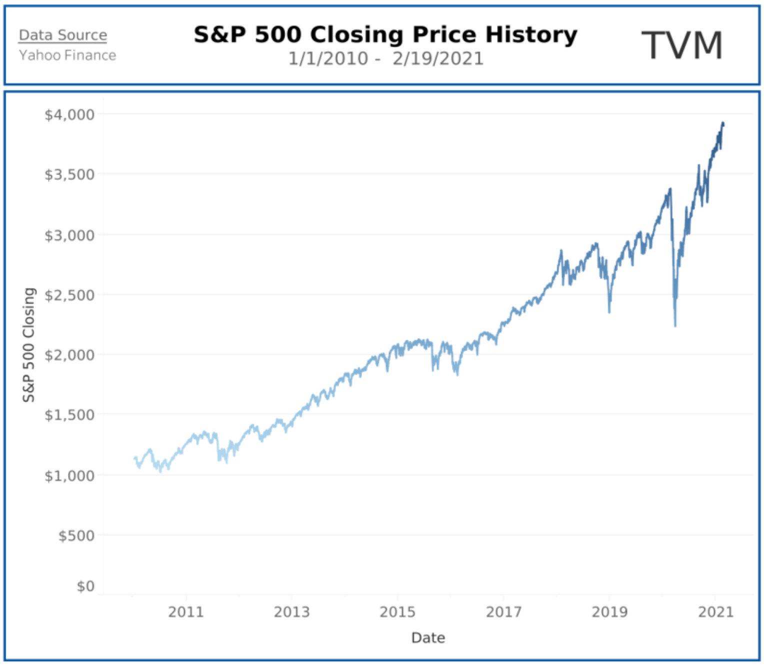
Individuals with confirmation bias seek information that confirms their previous beliefs while rejecting information that contradicts those beliefs. Confirmation Bias leads to the following outcomes –

- Limiting the amount of information used to make a choice
- Obstructing our ability to assess the situation objectively

To give you an example, I'm going to use Tesla. If we already thought Tesla was a good investment, a story like "Tesla's surge made 2020 the year the US car industry went electric" may reaffirm our beliefs and strengthen our choice to buy Tesla stock. At the same time, articles like "Tesla's Profits Aren't from Selling Cars" may make us less motivated to read them. We miss out on the opportunity to examine potential dangers linked with an investment if we only intentionally choose to read information that focuses on the advantages of that venture. While it may be challenging, we may prevent prejudice by prioritizing understanding the good, bad, and ugly of an investment in order to make an impartial decision - what are the facts?

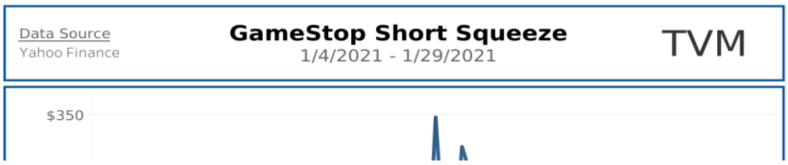
Anchoring Bias

Anchoring Bias is the concept that people become hooked on specific pieces of information and utilise them as a basis for making decisions. These psychological criteria are thus considered to be rooted to an individual's decision-making. Let's pretend that a possible investment we're evaluating reaches a new high. We may not want to invest at this time because we are "buying at the top. In this situation, we are anchored to the present all-time high price and have developed a concern (loss aversion) that investing at that price will guarantee that we will lose our shirt. Even though data shows that time in the market outperforms market timing, this is still the case. If someone had thought the market was overvalued in 2010, they would have lost out on some incredible gains.



Herding Mentality

Individuals in a group will tend to follow the behaviors of others rather than make their own decisions, according to the concept of herding mentality. The latest r/Wall-Streeters' Game Stop short squeeze is an example of herding mentality.



Game Stop's stock price soared from $2.57 to $483.00 in less than a year, despite no changes in the company's fundamentals. Instead, it was the result of a group of Reddit users collaborating to send Game Stop "to the moon!”

Framing

Individuals are influenced by the context around the options given, according to the concept of framing. To put it another way, the way something is presented - whether positively or negatively – can have a significant impact on a person's decision. Consider what would happen if you were shown the price history of an unknown stock. Doesn't it appear to be a wise investment? However, the time window was cherry-picked to highlight the Game Stop brief squeeze that we discussed earlier.

Hindsight Bias

"Knew it all along Syndrome" is another name for hindsight bias. It is the assumption that individuals who accurately predicted an event now feel they can forecast comparable events after it has occurred. The development of hindsight bias can be a prelude to the development of an overconfidence bias. As a result, we'll go back to the overconfidence bias example we mentioned earlier – We've been on a roll when it comes to stock trading. We now think we have cracked the code to outsmart the market and are in complete command. However, prior performance does not guarantee future success. With nearly an unlimited number of variables influencing the stock market, it's exceedingly unlikely that we'll ever be able to accurately duplicate an event that has already occurred.

The Narrative Fallacy

Individuals tend to link unrelated or incomplete facts together to explain a situation, which is known as the Narrative Fallacy. Our minds are wired to recognize a cause-and-effect link, psychologically speaking. News articles with headlines like "The S&P 500 hit a new all-time high because of X" are an example of this. The truth is that there are nearly endless reasons why the S&P 500 could set an all-time high. It would be exceedingly naive to claim that one factor is solely responsible for the S&P 500's all-time high. That style of headline, on the other hand, fulfils our brain's duty of swiftly identifying a cause-and-effect relationship to comprehend the scenario — oversimplifying the situation.

Self-Attribution Bias

The Self Attribution Bias is the theory that people ascribe happy events to their own abilities while unpleasant ones are attributed to factors beyond their control. People who are affected by this bias are less ready to learn from or accept their errors. As a result, they're more likely to repeat the same mistakes and lose even more money. Consider someone who has lost a significant amount of money on a particular stock. Rather than accepting and learning from their loss, they may blame it on something like, "There was a malfunction with my brokerage account that caused me to buy higher than I wanted, which is why I lost money when I sold." In truth, the only thing we have control over when it comes to investing is what we buy and sell.

A3. Behavioural Finance in The Stock Market

The efficient market hypothesis (EMH) states that stock prices in a highly liquid market are efficiently priced to reflect all available information at any one time. Many studies, on the other hand, have uncovered long-term historical events in securities markets that defy the efficient market hypothesis and cannot be captured plausibly in models based on perfect investor rationality.

The EMH assumes that market participants consider all present and future intrinsic and external factors when determining stock prices. Behavioural finance believes that markets are not totally efficient when studying the stock market. This allows researchers to study how psychological and social factors influence stock purchases and sales.

Daily, the understanding and use of behavioural finance biases can be applied to stock and other trading market movements. Behavioural finance theories have also been utilised to provide clearer explanations for major market abnormalities such as bubbles and prolonged recessions in general. Investors and portfolio managers have a vested interest in behavioural finance trends, even if they are not part of EMH. These patterns can be used to examine market price levels and fluctuations for purposes of speculation and decision-making.

A4. Covid 19 Pandemic's Emergence and Its Impact on Stock Market Volatility

The unprecedented COVID19 epidemic has put the world in peril and shifted the global landscape in unanticipated ways. The SARSCoV2 virus, which caused the COVID19 outbreak, first appeared in Wuhan, Hubei Province, China, in December 2019, and quickly spread around the world. This pandemic is not only a global health crisis, but it is also a major global economic depression.

Many countries' economic operations are suddenly halted as tight quarantine rules are implemented to combat an unknown disease. Transportation between countries is limited, if not prohibited, which has hampered global economic activity. Most crucially, terror among consumers and businesses has stopped them from engaging in their customary purchase habits, resulting in market abnormality. Uncertainty and risk are being created because of the epidemic, which is having a substantial economic impact on both established and rising economies such as the United States, Spain, Italy, Brazil, and India. The financial market has reacted with spectacular movement and has been badly affected because of this. The financial system, which includes both stock and bond markets, has been significantly impacted by the economic instability related with COVID19.

The price of oil has dropped dramatically, but the price of gold has risen dramatically because of the epidemic. The "bigger financial crisis" is another name for this pandemic. Businesses are heavily leveraged in many nations, weak corporations are further destabilised, and corporate debt is at an all-time high. As a result of the pandemic, the global financial market risk has increased significantly. Fear and uncertainty have caused enough losses for investors.

In India, there are two major stock indices: The Sensex on the Bombay Stock Exchange (BSE) and the Nifty on the National Stock Exchange (NSE). The Sensex index fell to 13.2 percent on March 23, 2020, according to the Bombay Stock Exchange. It was their highest single after the Harshad Mehta Scam broke on April 28, 1991. Similarly, Nifty has dropped nearly 29% over the same time span.

COVID19's influence on the Indian stock market has been dubbed a "black swan event" by some economists, referring to the occurrence of a highly unexpected event with catastrophic consequences.

As a result of the government's lockdown strategy, factories have cut their labour force as well as output levels, disrupting the supply chain. People limit their consumption patterns because of the uncertainty that exists among mankind, resulting in demand-side shock. According to studies, the last pandemic merely influenced the demand chain. However, the COVID19 pandemic has had an impact on both the demand and supply chains.

A5. Impact on Stock Market and Gold Returns in India

The new coronavirus (COVID-19), which first appeared in Wuhan City, Hubei Province, China, quickly spread to other nations, prompting the World Health Organization (WHO) to proclaim a global epidemic on March 11, 2020. The COVID-19 epidemic is a global pandemic that has gripped the entire world. Around the world, the coronavirus has infected 219 countries and territories. According to the World Bank's newest assessment, the world economy is on track to experience its worst downturn since the Great Depression of the 1930s. COVID - 19 has had an influence on all financial markets around the world; in particular, share values have been steadily declining. This is true in India as well.

Curfews were imposed, workplaces were closed, manufacturing was reduced, and shopping was halted, except for basic goods, because of the pandemic. COVID-19 posed a threat to human health and heightened risk perception in the financial markets. Stock markets collapsed dramatically in a short period of time, corporations lost value, and stock prices plummeted. The stock market immediately suffered the brunt of the tremendous fright caused by COVID-19, and a severe crash ensued, resulting in a loss of Rs. 5.3 lakh crores in value. A 3.5 percent drop in the market earned it the distinction of being the second-largest drop in the Sensex's history, according to historical data. The markets eventually closed in the red, despite a minor uptick on March 2. The markets suffered another massive loss a week later, on March 09, when they dropped nearly 1900 points in a single intraday session. These stock market disasters are not new; they occurred earlier in the century as well, and gold proved to be a saving grace for most investors at the time. It makes no difference where we live or where we travel in the globe; the value of gold is the same everywhere. When the world economy was struck by the Dotcom Bubble in 2000 and the financial crisis of 2008, gold investments fared exceptionally well. International gold prices have surged in recent years following the global recession, leading in an accelerated rise in gold prices in India. However, the current situation because of COVID-19 is far worse than that of a prior global financial catastrophe. In times of market volatility, gold has emerged as a haven or a hedge, according to various research. A safe-haven asset is a financial asset that shields an investor's wealth from market volatility. A safe-haven asset is a financial asset that shields an investor's wealth from market volatility. According to Oxford Economics' research, gold does well during periods of deflation. Deflation occurs when interest rates are low, consumption is declining, and the economy is under financial hardship. According to the research, gold developed as an alternative investment asset or an essential part of financial portfolios during times of financial crises or financial shocks. However, considering the country's current pandemic (COVID-19), the research of the relationship between gold prices and the stock market index of a rising economy like India becomes quite fascinating. The historical usage of gold as a means of exchange and a standard of value, as well as its consistent purchasing power across time, may explain the interest in gold during times of crisis. Based on this, the current work aims to better understand the microstructure of India's investment scenario by examining the coupled dynamics of gold and stock market returns during unprecedented moments of health and financial shock caused to COVID-19.

B. REVIEW OF LITERATURE

The covid 19 Pandemic has affected every aspect of the economy. The pandemic has resulted in dramatic economic effects, which can be seen as a part of the excessive volatility in the stock market and the market crash. We have explored the research papers taking in account the view of the behavioral Finance and discussed some of the cognitive errors and biases which are relevant to the pre and during the covid crisis Some errors and biases discussed are the Overconfidence bias, representativeness bias, risk aversion, herding Behavior, and the availability biases.

Study shows that, in the time of the crisis we tend to focus on what is easily accessible and consume the information as its face value, and it is crucial to consider our subconscious biases and decide the further left out actions carefully. There are many more cognitive errors beyond the behavioral finance that we make in our daily lives (Vollan, 2010). Sonsino, et al. (2020) shows that the main objective was to know about the possible changes and The Tuesday effect on the index return is found significant and positive for all the indices during the crisis and there was strong evidence for a negative return for the Mondays when the covid 19 health crisis period has been examined.

Citation: Mahajan Priya, Mahajan Sarika, Impact of covid 19 on stock prices and Gold Returns in India (May 5, 2021) – The report shows that the gold had positive return during the lockdown period, indicating that they can be labeled as the safe having assets and the findings suggests that the gold price contains the significant information to forecast the NIFTY Returns.

The report shows that the in terms of the return spillover effects, significant mean transmissions are being observed in both the directions between the equity and the energy markets across the entire period (Elgammal et al. 2021). The shock and the volatility spillovers are more being pronounced on the heels of the outbreak of the pandemic We have observed the increase in the cost of the gold and the foreign currency too corresponding to the number of covid cases (Sevdalis and Harvey, 2007). Covid 19 is an important cause for the market inefficiencies, creating some very profitable opportunities for the traders as well as for the speculators in the market. This pandemic has shown an impact on merely all the major sectors in the economy and the stock market and commodities, and gold are one of them for sure. We have researched on these topics for the report.

C. DATA COLLECTION METHOD

C1. Objective of the Study

Many retail investors have a poor understanding of the causes behind the fluctuation of the share market, commodities market, mutual funds, and the concept of risk and return involved in it. Many people shun themselves because of their lack of knowledge and avoid participating in them because of their lack of knowhow. These market returns are one area of psychological factors which are frequently considered to influence market outcomes and returns, although there are a variety of ways to look at it.

The goal of this study is to understand and comment on the role of Behavioural finance as to why people make such specific financial decisions and how those decisions affect the pricing trends in the financial markets. This is done keeping in context of the recent financial crash of 2020 (Covid 19 pandemic).

C2. Data Collection and Limitations

Throughout the project period, the study is aimed to examine the performance of the various markets (share, commodities, etc), pertaining to the price trends and fluctuations during the Covid 19 Pandemic. Therefore, we have chosen the secondary mode of data collection. Data collected are from the reputed online platforms of the organisations like BSE, NSE, Moneycontrol, etc. The research is based on the analysis of behavioural finance concepts that can be applied on the price fluctuations and the expert commentary on these markets.

Limitations of the study – Due to the secondary nature of data collection, lack of primary resources and the ever-changing nature of the financial markets analysed during the period this study, various factors required to be employed by the study might not be effective in completely forming a streamlined comment on the topic. However, the study is fully capable to give us a picture to understand these markets from a retail investor's point of view.

D. ANALYSIS AND DISCUSSION

D1. Analysis of Stock Market sentiments during Pre vs Post covid 19 period

The drop from a record high. The stock market crash of 2020 began on Monday, March 9. The Dow Jones fell 2,013.76 points that day to 23,851.02. 1 It fell 7.79%. While Sensex's rally from its March 2020 lows has been a desirable ride, the index and most of its components have failed to match the broader market returns so far. now, thanks to retail investors buying strongly in second-class stocks.

It took just 17 months for Sensex to add 31,000 points from just under 26,000 in March 2020 to hit 57,000 for the first time on Tuesday. 31 years ago (since its inception in 1986), the index first crossed the 31,000 points in May 2017.

But the market capitalization of the 30-pack index has grown 122% in these 17 months from 140 %. for the market capitalization of BSE. Data shows that 18 of the 30 Sensex stocks have failed to post a 140% return since their March 2020 low. The 4,444 lagging stocks include Hindustan Unilever, which is up just 32% from its 24-month low. March 2020. On that day, BSE Sensex hit a low of 25,638.90. ITC, with a gain of 39%, fell short of expectations. Another FMCG stock, Nestlé India, is up just 45% over the period. NTPC, Kotak Mahindra Bank, Maruti Suzuki, Bharti Airtel and Power

Grid are still the stocks that are up 4860%. Dr. Reddy's Laboratories (up 63%), HDFC (83%) and Bajaj Auto (up 92%) also failed to double investors' funds during this period.

The stock market is based on investor sentiment. These feelings or emotions often display a behavioural pattern. Renowned behavioural economist Richard Thaler says people tend to fall into behavioural patterns when making decisions. This also applies to their investment decisions. Click here to learn more about financial and stock market behaviour.

Aversion to ambiguity –

Midcaps and small caps suffered bigger losses than large cap blue chips. This is because investors are comparatively more uncertain about the smaller companies. This also happens while making stock buying decisions. Investors tend to prefer large caps more than mid/small caps.

Confirmation Bias –

One important aspect of investing in stocks is tracking the markets. We track markets by observing market trends, reading news, and following expert opinions on financial news channels. When accessing these documents, investors often avoid useful information that may not coincide with their investment expectations. This leads to irrational investment decisions.

Herd Mentality –

You may have heard stories of people investing in stocks, gaining all or losing all their money. Who should you consider, a loser or a winner? You should not consider any of these stories if you want to make the right investment decisions. Stock market volatility is often the result of herd mentality. You can avoid the herd mentality by researching stocks and staying invested for the long term.

Self-Herding –

Renowned behavioural psychologist Dan Ariely coined the term. When you make future investment decisions based on past decisions, you are self-conservative. Let's say the last time the market was in a downtrend, you sold your stock and cut your loss. This decision may not be the best solution for similar market trends. You can avoid this by analysing the reason of the market trend. What can you do when the market is volatile?

Irrational Exuberance –

You may have heard of the financial bubble of the early 2000s, or the very famous “dotcom bubble” of the 1990s. These asset bubbles are the result of an overvalued market. Overvalued markets can be caused by investors being overly optimistic. Noble Prize-winning economist Robert Shiller in his research argues that the tech and housing bubbles are the result of irrational exaggeration. You can avoid it by having a diversified portfolio. Learn more about the impact of the crisis on the markets

D2. Analysis of Commodity Market sentiments during Pre vs Post covid 19 period

Gold Prices

The price of gold is influenced by a combination of supply, demand, and investor behaviour. It sounds simple, but the way these elements work together is sometimes a bit counterintuitive. For example, many investors see gold as a hedge against inflation. This has some common sense, as paper currency depreciates more and more is printed, while the supply of gold is relatively constant. It turns out that gold mining doesn't add much to the supply from year to year. Gold fell nearly 1% to around $1,930 an ounce on Friday, its lowest in two weeks and down more than 2% on a weekly basis, under pressure from a strong dollar and rising US Treasury yields as investors benchmarked for the Federal Reserve to increase. interest rates to actively curb high inflation for decades. Speaking at a panel organized by the IMF on Thursday, Fed Chairman Jerome Powell said a 50-basis point rate hike is "on the table" for May and reiterated that Fed officials are determined to "upload "anti-inflation efforts. The dollar recovered from a one-week low following the above comments, while the US 10-year benchmark yield rebounded above 2.9%. Meanwhile, investors remain cautious amid geopolitical uncertainty and the risk of stalling inflation, which could boost safe-haven demand and support gold prices. Gold price on April 24, 2022, hit a 19-month high and recovered to 54,000 yen in early morning commodity futures trading today. The MCX or Multi-Commodity Exchange gold price hit an intraday high of

54,190 yen/10g today, down just 2,000 yen from the all-time high of 56,191 yen it reached in August 2020. The price of spot gold has also risen to 2020 dollars per ounce, just $55 per ounce from its lifetime high of $2075.

According to commodity market experts, the price of gold has skyrocketed. due to the escalation of the war between Russia and Ukraine, a 50-basis point increase in interest rates from the US Fed is ruled out, an increase in the price of crude oil and other commodities and a fall in the value of the Indian National Rupee (INR) against the US Dollar (USD).

Indicate the cause of the sudden increase in gold prices; Anuj Gupta, Vice President of IIFL Securities, said: “Gold prices hit a 19-month high after Russia-Ukraine tensions continued to escalate. As commodity prices, especially crude oil and metals, hit multi-month highs, this is also helping investors' havens increase. India mainly meets its oil needs through imports, he said, and amid a sharp rise in crude prices, the possibility of dollar capital outflows has increased, sending the rupee to a low. record. This fall of the rupee against the dollar acted as a national trigger for a rise in the price of gold.

Silver Prices

India is one of the largest silver markets in the world, with a very traditional core in a diverse market. To do that, India consumes 160.6Moz (4,996 tons) last year, 16% of the world's silver request. It's not just the size of India's demand that matters; Nation dependence on imported metals means that changes in India's taxes can impact on countries supplying gold bars to India. The size of the Indian silver market resonates across most of the country, from material investment to daily activities. It is also an integral part of India's cultural and belief system. Therefore, it is not Surprisingly, silver is an important part of Indian festivals and weddings. For example, giving money at a wedding or for the birth of a child. All this means that the attraction of money lasts through most income groups. Even so, the silver market in recent years has grown significantly in line with the growth of the Indian economy and the rise of income. Silver Institute authorized Metals Focus to Conduct in-depth research on the Indian market. The report has two main Goal. First, the report examines the key factors affecting each area of money supply and demand. Second, the report looks at recent trends and as well as the prospect of exploitation in the future.

Driven by a spike in demand in 2020, silver holds above $20/oz in 2021 for the first time since 2014.But while investment positivity has kept the white metal from falling below 21 The US dollar, broader market uncertainty and industrial demand concerns have kept silver in the lower $28 range for the year. Silver's value remained steady in the first six months of 2021, with the white metal hitting a 10-month high at $27.92 on June 21. In the months that followed, silver prices consolidated, trending down month after month until hitting a year-to-date low of $21.52 in late September. despite concerns about Covid's Delta variation and economic recovery in a weaker economy, the safe-haven metals have failed to attract investors recently.

Spot silver prices remained steady even after two months of opening. Analysts are divided on the outlook and near-term silver price movement. The white metal is trading in a tight range of Rs 66,000 to Rs 67,000/kg, around Rs 11,000 below the all-time high reached in August 2020. In fact, the price has dropped by more than Rs 5,000/kg. kg in the spot market, compared with record prices in June 2021. Silver is trading lower due to weak physical demand and lower investment demand as traders and investors look to stock market and IPO in the current euphoric environment.

D3. Inverse Relationship Between The Indices And Gold Price Fluctuations (An Analytical Comparison)

The stock market and gold prices have an *inverse relationship*, according to theory. There have been times when stock markets have risen while gold prices have fallen. Gold prices may climb in tandem with stock market declines. The explanation for this is investors' perceptions about the market. Investors who anticipate a bad market typically take positions in gold futures to protect their capital. When the economy in the United States stagnated in the 1970s, gold futures became a more appealing alternative for investors. In the near run, there is *no causal link* between gold price and stock market price. Gold and stock market prices, on the other hand, are co-integrated, indicating a long-run equilibrium connection, and they move in lockstep.

Financial series like these can have both *short-run and long-run correlations*. Stock market indexes and gold price have a short-run link. Furthermore, two alternative views exist on the relationship between *gold demand and income*. The classical theory contends that there is a positive link between gold price and real income, but the Keynesian theory contends that increased demand leads to increased economic backwardness and hence lower income, implying an inverse relationship. The link between stock values and the price of gold is a well-known one. The conventional wisdom holds that these two markets are inextricably linked: when equities rise, yellow metal falls, and vice versa. According to several analysis, there is no long-term association between the Indian stock market and gold markets. The conventional wisdom holds that these two markets are inextricably linked: when equities rise, yellow metal falls, and vice versa. There is empirical data that supports, at least in part, this widely held belief. From 1987 to 2000, there was a negative association between these two markets, as shown in the US market. Then came the dot-com boom, which crashed in 2000, and the gold bull market, which began in 2001. Since 2011, equities and gold have been going in different directions; nonetheless, the 2000s may be considered a time of co-movement in general. As a result, it is obvious that the gold-stock link has altered throughout time because of external influences, particularly macroeconomic issues.

The second reason is that opportunity costs and the investment flows that arise fluctuate over time. Risk appetite is one aspect, but not the only one, that influences the relative attractiveness of stocks in compared to gold. Other factors include the rate of economic growth, real interest rates, the value of the US dollar, market momentum, and so on. Typically, as the economy slows and stock market returns decline, investors will transfer their funds away from equities and into the gold market until the economy improves. This situation is more likely to occur when real interest rates are low, which is common during years of sluggish economic development (due to low demand of cautious consumers and businesses, the monetary loosening implemented by the central banks to revive the growth, or the high inflation). Perhaps the clearest illustration is in the 1970's, when the economy was stagnant, and the stock market was flat. High inflation and a weak dollar resulted from the Fed's expansionary monetary policy. All these characteristics, along with historically low real interest rates (due to strong inflation), made gold far more appealing than equities. The next two decades, on the other hand, were marked by a stable economy and low inflation.

Why is there such a strong negative connection between equities and this precious yellow metals? This has to do with risk aversion. When traders are on the defensive, gold may be preferred over riskier assets. Gold is said to be a safe haven, therefore it is inherently negatively linked (or at least uncorrelated) to stocks during times of financial stress, such as the financial crisis of 2008 and the recent 2020 global financial crash due to the Covid 19 pandemic.

D4. Market Predictions After Covid 19 Pandemic

While there is as such no way to exactly tell what the size of the economic damage is made from the global Covid 19 corona virus pandemic will be and has already been seen by the whole world and the global economy, but surely it is going to have a severe negative impact on the global economy. There are predictions in the economy that the Global Growth will be slowing down Through the year 2023, and it may also add to the risk of Hard lending in the Developing Economies.

While following a Strong rebound in the year 2021, the global economy is now entering into a slowdown amid the going on fear of the covid 19 pandemic and there is a steep rise seen in the inflation, in the debt and the income inequality among the individuals that could also add to the endanger in the recovery in the today's time emerging and the developing economies around the world. The global growth has also been seen as expected to be reduced markedly from 5.5 percent in the year 2021 to 4.1 percent in 2022 year and 3.2 percent in the year 2023, as the pent-up demand dissipated and the fiscal as well as the monetary support is unwound around the globe.

The India's Post Pandemic Economic Recovery is progressing relatively well, since the high prices of the oil is posing sort of risks to that. Inflation is a thing which has been remained within the tolerance band, is also showing the signs of moderating as the conditions of the supply has been eased because there was no over stimulus unlike in many of the western nations.

At present Monetary and Fiscal policy has some space to smoothen the oils shock in a coordinated manner, and it should be used to sustain the domestic investment cycle and the resulting growth in the jobs. The crisis related spikes in the oil prices have often been sharp and short in the past. The priority should be given to the measures which are greening the economy in the long run to reduce the dependence on the oil imported

Stock markets in the post covid scenario

In the scenario going on now, we can say the post pandemic era, there is seen a huge influx in the investors into the stock market. The NSE even conducted a study, in which they conducted a survey to understand and gain more information about the market behaviour of the various types of the investors across the different age groups. The survey was being done and it also concluded that over half of the number of the investors park the money in the market in order to afford a better lifestyle. The study also concluded that the new investors coming into the market, now are more active and even aware than the earlier ones

The investors today are even also having an easy access to the expert guidance in terms of the various number of the investment vehicles. There have been some drastic changes in the behaviour of the investors that is been seen in the stocks market when the pandemic hit the globe and such an event like this pandemic is also seen as an opportunity to learn something new about the psychology of an investor as well as the behaviour of the human being. On some of the days, the individual investors may appear to have begun doing the speculation regarding the direction that market is going to take that particular day

Gold Prices in post covid Scene

Gold is expected to add a glitter in the year 2022, prices are likely to jump off. The prices are now near to Rs 48000 per 10 grams now, that is expected to be of roughly around 14% lower from the all-time highs and 4% lesser, compared to the levels of the year 2021.

The prices of the gold are likely to continue to rise in the medium term in amid of the inflation worries and increasing uncertainty over the omicron variant of the covid 19 virus. In the coming months ahead the soaring prices of the commodity and the logistical costs are expected to even impose further pressures and the RBI has already been working on the adjusting the inflation expectations to be higher.

The rising inflation in the market tends to increase the demand of the gold in the market. Gold is said to be perceived as a strong hedge against the inflation and the data since last many decades can be referred as seen supporting the assumption. The prices of the gold could also remain supported at the lower levels after the China has reported its highly daily rise in the cases of the covid 19 pandemic.

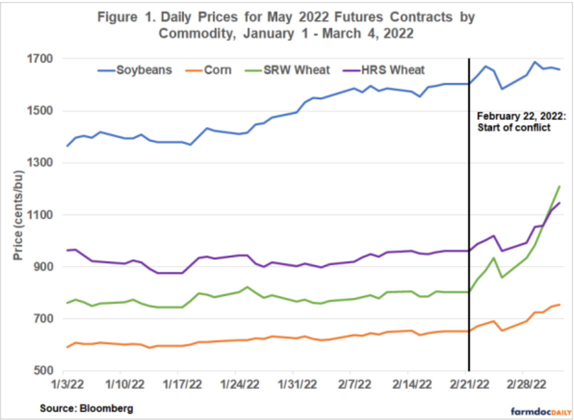
The Commodity Market

The stocks and the commodity markets has faced different reactions when we talk of the conditions faced during and post the covid situations. This can be seen as the impact due to many probable possible reasons like, the government interventions, the welfare policy conditions, the behaviours of the investors today, etc.

The sudden outbreak of the virus has drastically bought significant declines in the demand and supply conditions in the commodities. the markets of the commodities, like the oil, energy, has been affected very badly. The severity of the situation depends totally on the spread and the duration for which the pandemic exists, that is the duration of the pandemic situation. There is stabilization seen in some of the industries as of now, after the pandemic era. But, still, the Most effected the energy market industry is yet to stabilise.

Overall, there is a negative impact of the pandemic on the market. However, there is also seen of the positive impact seen during the alter pandemic wave seen due to the level of the uncertainty which is seen now is decreasing with the time.

In the agricultural commodities market segment, there was no significant changes in the price for the wheat until the unlock 1, when the prices started declining due to the decline in the demand of the product. The market reforms by each state also played the part well in affecting the prices of the commodities.



Supply chain disruptions, the government stimulus and the adverse weather conditions have all contributed in a way to the market conditions in the last year. This year, the supply chain disruptions are anticipated to improve, while the commodity balances are seen as to appear less tight. The prices are still expected to remain above the long-term averages.

E. IMPLICATIONS OF THE STUDY

Behavioural finance studies the psychology of finance decision. Most people know that emotions affect investment decision. industry insiders talk about the role of greed and fear in driving stocks market. behavioural finance extends this analysis to the role of bias in decision making, such as the use of Simple rules for making complex investments decisions. In other words, behavioural finance has Insights from psychological research and applying them to financial decision making. Most financial markets the anomalies cannot be explained using traditional models. behavioural finance easily explains why individuals have made a particular decision, but it is not easy to find one explain what future decisions will look like. Classical finance sees efficiency as its foundation. The Assumption Market, For Everyone, For Everyone have access to the same information, cannot change the position of the market, because the stock price reality is efficient, reflecting all we know to be the investors. A market where prices are always "full" reflect “effectively qualified available information.

The synthesis of the efficient market hypothesis assumes that capital markets are information efficient. Eugene Fame, the father of the efficient market hypothesis revealed, "Market efficiency survives challenge literature on long-term productivity anomalies. suitable for efficient market hypothesis that errors are random outcome, an obvious overreaction to information is in terms of popularity as in reaction and after the event The pursuit of extraordinary profits prevention is about often as a reversal after the event. Most important, consistent with market efficiency predictions the obvious difference can be attributed to the methodology, most forward yield anomalies tend to disappear with reasonable changes in technology finance assumes that, under certain circumstances, The market is the inefficient ally of information. Main The purpose of this article is to have an overview of how the influence of psychology on investor behaviour can explain capital market imperfections. Mankind Nature is perfect, but it is not perfect. Investors are people who have a lot of deviant behaviour with reasonable behaviour, who often make illogical decisions. At present from a global financial perspective, the main influence of psychological factors in investment decision-making is undeniable.

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