

## How To Profit Handsomely from the Anomalies Found in the Stock Market.

How To Profit Handsomely from the Anomalies Found in the Stock Market. Firstly an anomaly is any occurrence that is strange, unusual, or unique. It can also mean a discrepancy or deviation from an established rule or trend.

There are numerous diverse factors that will affect stock market price levels on a daily basis. These include inflation data, interest rates, unemployment figures, political changes, and other less specific economic forces.

Complicating these are some other general market trends, which have been found to historically exist. These stock market anomalies if utilised correctly, can very often provide good buying and profitable opportunities for traders, providing of course, that they were aware of them in the first place. These anomalies include:

1. Lower-priced stocks which can tend to out perform higher-priced stocks, and companies which also tend to appreciate in value after the announcement of stock split has occurred.
2. Smaller companies can on occasion tend to out perform larger companies, which can be one good reason for investing in small-capitalisation stocks.
3. Companies that have a depressed share price due to traders who have sold their shares to achieve a tax-loss in June to offset capital gains. These self same stocks will quite often bounce back again in July. This is often referred to as the July effect.

### Calendar-based regularities:

These regularities can often allow you to improve your timing in your stocks in the short-term. These following 4 trends have been demonstrated to occur quite frequently.

1. Time-of-the-day effect. The beginning and the end of the stock market day demonstrate different return and volatility characteristics.
2. Day-of-the-week effect. The stock markets tend to start the week weak and finish the week stronger.
3. Week-of-the-month effect. The stock market tends to earn the bulk of its returns in the very first two weeks of the month.
4. Month-of-the-year effect. The very first month of the year tends to show increased returns over the rest of the year. This is referred to as the January effect.

Traders should always keep in mind that not every anomaly will happen every time. But by making sure you are aware of these anomalies, this will permit you to profit over the long-term and also help you to deal with market volatility in the shorter-term.

In finalising, by all means profit from these anomalies, but don't make it a habit of using these anomalies to the detriment of your long-term investment goals and targets.