Taylor & Francis
Online



Applied Financial Economics Letters ›
Volume 2, 2006 - Issue 1

404 Views | 10 CrossRef citations to date | 0 Altmetric

Original Articles

# Asymmetric beta in bull and bear market conditions: evidences from India

Saumitra N. Bhaduri & S. Raja Sethu Durai

Pages 55-59 | Published online: 19 Aug 2006

Cite this article https://doi.org/10.1080/17446540500396834

Sample our
Economics, Finance,
Business & Industry Journals
>> Sign in here to start your access
to the latest two volumes for 14 days

Full Article | Figures & data | References | Citations | Metrics
Reprints & Permissions | Read this article | Share

## Abstract

The significant role played by beta in various aspects of financial decision-making has forced people from small investors to investment bankers to rethink on beta in the era of globalization with ever changing market conditions. Standing on the edge of a free capital mobile world with technological innovations happening in no time, it is imperative to understand the stability of beta in accordance to these changes and also it would augments an efficient investment decisions with additional information on the beta. This study examined the stability of beta for India from a developing country perspective with a series of possible competing definitions of market conditions and alternative model specification. The results strongly validate Fabozzi and Francis (1977) claim of stable beta for individual stocks in all market conditions.

Previous article | View issue table of contents | Next article

# Notes

[1] Studies are not only deals with individual securities, it also done on various financial instruments like mutual funds, portfolios, industries etc. See Woodward and Anderson (2003) for a brief literature on this.

[2] Most of the studies classified the market conditions into two as bull and bear markets and also constructed various methods to identify it.

[3] In its simplest form to test the differential effect of beta for two different market conditions is to use a dummy variable model. A dummy is assigned for Bull (Bear) market condition, if the market return is greater (lower) than a threshold value. A significant coefficient reflects the existence of Dual beta.

[4] Most of studies assigned dummy with bear market condition as base; the rejection indicates there is no downside beta.

[5] See Jagannathan and Wang (1996) for a brief literature on conditional CAPM. For a criticism on conditional CAPM refer Lewellen and Nagel (2003).

[6] Stocks transacted daily are considered highly liquid.

[7] Recently more studies focus on trend based method as it takes care of the short-term noises. See Pagan and Sossounov (2003) for a sophisticated trend based definitions.

[8] The definition is based on the identification of peak and trough period that has been done manually.

[9] The second and third definitions are given by Fabozzi and Francis (1977) and the trend-based definition was adopted from Edwards et al. (2003) with small modification.

[10] Woodward and Anderson, 2003 criticized assigning an arbitrary value for c. They argued that in most of the studies the c has been given a positive value but their results contradicts that, if data has been allowed to choose the value of c. They found that in their study that the average value of c is –2%.

[11] The entire results can be obtained from the authors upon request.

Related research

People also read | Recommended articles | Cited by 10


## Information for

Authors
R&D professionals
Editors
Librarians
Societies

## Open access

Overview
Open journals
Open Select
Dove Medical Press
F1000Research

## Opportunities

Reprints and e-prints
Advertising solutions
Accelerated publication
Corporate access solutions

## Help and information

Help and contact
Newsroom
All journals
Books

## Keep up to date

Register to receive personalised research and resources by email

Sign me up


Copyright © 2026 Informa UK Limited Privacy policy
Cookies Terms & conditions Accessibility

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG