

Volume 28, Issue 5**Research Announcement****THE EFFECTS OF MARKET AND INDUSTRY FACTORS ON THE RETURNS OF COMMON STOCKS TRADED ON THE ISTANBUL STOCK EXCHANGE**

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Abstract

This study examines the effects of market and industry factors on returns of common stocks traded on the Istanbul Stock Exchange (ISE) in Turkey. Of the common stocks listed on the Istanbul Stock Exchange, 142 were listed continuously from December, 1996, through December, 2001. The common stocks of the fourteen sectors traded on the Istanbul Stock Exchange were used to estimate the model parameters. Each common stock includes 60 observations. It is found that the single index model is weak in terms of predicting the return on the common stocks of “the food, beverage, tobacco” and “financial leasing and factoring” sectors. The industry index model is also weak for the prediction of the returns on the food, beverage and tobacco sector common stocks. The industry index model is generally better than the single index model in terms of predicting the returns on common stocks.

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