



WAYS TO IMPROVE INVESTOR RISK REDUCTION IN THE STOCK MARKET

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Abstract: Currently, one of the wallets of markets in all countries is the stock market, which is equally understandable to everyone. This article examines the most effective methods used to reduce the risks of investors in the stock market. Existing financial risk management strategies are analyzed and new innovative approaches are proposed.

Keywords: Stock market, investor risks, diversification, hedging, fundamental analysis, technical analysis, portfolio management, algorithmic trading, risk management

Modernization and rapid development of the economy, the effect of reforms aimed at ensuring the development of market relations investment in the country by the government of Uzbekistan in order to increase serious attention is paid to the improvement of processes. It is worth noting that the implementation of investment projects requires a very large risk, which makes their elimination effective and requires the development of optimal options. Also in this project there is a possibility of appropriate distribution of risks among its participants it is necessary to take into account that But in any case, above all, assessment of risks that may be encountered in the implementation of projects, analysis remains the first step. Investors operating in the stock market are constantly exposed to various risks. These risks may arise from market volatility, inflation, changes in interest rates and political uncertainties. Therefore, the main goal of investors is not only to make a profit, but also to ensure the safety of investments. This article discusses the most effective methods and strategies for reducing the risks of investors.

1. Diversification: Diversification is one of the most basic risk management techniques for investors. The essence of this approach is that investors allocate their funds among different assets. This way, when one asset drops in value, other assets can compensate for the loss. Diversification is divided into two types: diversification between asset classes and geographic diversification.

-Diversification between asset classes. Investments are made by dividing stocks, bonds, real estate, commodities and other financial instruments. For example, bonds or real estate may hold steady when the value of stocks declines.

-Geographic diversification: It is done by distributing investments among different regions and countries. This approach can protect against political or economic uncertainty in a country.

2. Hedging Risks: Hedging is the way investors use derivative instruments to reduce risks. Derivatives include futures, options and swaps.

- Futures. Through futures contracts, investors undertake to buy or sell assets at a specified price and time in the future. This way you can protect yourself from future price changes.

-Options. Options are similar to futures, but they provide a right, not an obligation. Investors acquire the right to buy or sell an asset at a specified price in the future.

3. Fundamental and Technical Analysis. Through fundamental and technical analysis, investors can pre-assess the value of assets and improve their investment decisions.

-Fundamental analysis. Fundamental analysis helps determine the intrinsic value of a company or asset. This

analysis examines the company's financial performance, management team, market position, and other factors

-Technical analysis. Through technical analysis, asset price movements and historical data are studied. Future price movements can be predicted by using charts and indicators

4. Portfolio Development and Monitoring. Investment portfolio development and continuous monitoring is an important process for investors. By regularly reviewing the portfolio and making necessary adjustments, investors can reduce their risk.

-Portfolio rebalancing. Constant portfolio rebalancing protects investors in different market conditions. As asset values change, the composition of the portfolio changes and investors can buy or sell assets to adapt to the new conditions.

-Monitoring. Once investment decisions are made, it is important to regularly monitor them and update them accordingly. Market news, economic indicators and political events can affect the portfolio.

5. Innovative Approaches and Technologies. In recent years, the development of technologies has opened up new opportunities for investors. Analysis methods developed on the basis of algorithmic trading and artificial intelligence greatly help in reducing risks.

-Algorithmic trading. Algorithmic trading allows investors to quickly and effectively capture opportunities in the market. Trading through computer software is done at high speed and low cost.

-Artificial Intelligence and Data Analysis. Through artificial intelligence and big data analysis, investors can anticipate future market trends. Through this approach, it is possible to more accurately assess risks and improve investment strategies.

The essence of risks in the implementation of investment projects research, their early detection and assessment, their prevention or taking measures to reduce it, directing its own investments into the economy is of special importance for domestic and foreign investors. Accordingly, in the analysis of risks, to separate them according to their particular characteristics and learning, analysis and evaluation are considered very important. Risk at all stages of implementation of investment projects will be available, but it is typical for the first stage of investment, in conducting business operations due to lack of skills caused by defects. So, it depends on the will of people face to face with uncertainty as a result of studying the secrets of business it has to come and cannot be determined in advance. that is why the main task of an entrepreneur is not to know how to avoid risk, but to be able to perceive risk, to be able to assess its level and go beyond its established limits is not to leave.

Macroeconomic Factors Investors should also consider macroeconomic factors to reduce risks in the stock market. Factors such as economic growth, inflation, interest rates, and political stability have a major impact on market dynamics. Economic Growth: When a country's economy is growing steadily, the value of stocks and other securities can increase. Conversely, an economic downturn can cause huge losses for investors. Inflation: During periods of high inflation, the real value of investments declines. When the inflation rate is low, the real value of stocks can increase. Interest rates: A rise in interest rates can decrease the value of bonds, whereas if interest rates fall, the value of bonds will increase. Interest rates can also affect stocks, as high interest rates make it harder to get credit and reduce the profitability of investments. Political stability: Political stability and government policies increase market confidence. And political uncertainty increases investment risks and increases volatility in the stock market.

Recommendations for Investors: -Caution: Caution and accurate analysis are important when investing in the stock market. It is necessary not to make hasty decisions and study the market thoroughly.-Long-term strategies: Long-term investments can be less risky than short-term changes. Through long-term strategies, investors can reduce market uncertainties over time. Financial Advisors: By seeking advice from financial advisors, investors can effectively manage their risks and improve investment decisions. Financial Literacy: Investors are encouraged to improve their financial literacy. Through this, they will be able to make the right decisions independently in the stock market. Market monitoring: Continuous monitoring and analysis of the market is very important for investors. Risks can be mitigated by understanding market dynamics and adapting to changes.

New Technologies and Investment. Development of technologies in recent years creates new opportunities for investors. The following technologies can be of great benefit to investors:

-Blockchain: Through blockchain technology, investments can be made more transparent and secure.

Blockchain-based platforms provide reliable trading and transactions for investors.

-Digital Assets: Digital assets, such as cryptocurrencies, are creating new investment opportunities. However, this market has high volatility and requires a careful approach.

-Digital advisors (Robo-advisors): Through digital advisors, investors can use automated investment advice and portfolio management services. These technologies reduce time and costs for investors.

By applying the above recommendations and technologies, investors can effectively manage their risks in the stock market and increase the profitability of their investments. Innovative approaches and technologies will create more opportunities for investors in the future and help reduce risks. It is economical for the activities of economic entities in our country the impact of risks, including investment risks, is significant. For example, the rate of devaluation of the national currency is relatively high causes a decrease in the real value of the profits received by enterprises. In addition, debtor-creditor between economic entities the existence of the debt problem was inextricably linked with them enterprises have a negative impact on cash flow.

Conclusion: There are various methods and strategies to reduce the risks of investors in the stock market. Diversification, risk hedging, fundamental and technical analysis, portfolio development and monitoring, and innovative approaches are effective tools for investors. By using these methods, investors can make their investments safer and more efficient.

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