

Market Timing Strategy versus Buy and Hold Strategy in Bull Market and Bear Market: Endoscopic a Reappraisal

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ABSTRACT

The aims of the research to develop a comprehensive knowledge framework for market timing and evaluation strategies, as well as for the purchase and retention strategy by identifying alternatives that support the appropriate timing of the market, which requires continuous monitoring of everything that may happen regarding the economy and financial positions of companies in order to reconsider the composition of financial portfolios according to the timing of buying and selling during Market rises and falls. Predicting future securities price movements is extremely difficult, given the complexity of the world's economies, and the complexity of the financial market for the prices of securities in the global market. Therefore, the issue of the superiority of market timing strategies remains relatively limited, and a controversy arises among specialists, compared to the profitability of the buy and hold strategy, which simply depends on the investor's shift from the short-term position to the long-term position through buying when the stock market is in a downturn, and selling when the market is On the rise.

Key words: Market Timing, Strategy, Buy and Hold Strategy, Bull Market, Bear Market, Efficient Market.

I. Introduction

Markowitz (1959) was a pioneer who dealt with issue of which securities and how much of them should be included in portfolio (Chua, 1976) . Such a belief was regards as the first attempt to choose securities as part of portfolio theory , because it deals with risk qualitatively based on the distribution of risk and realize returns due to hold a variety of securities , Empirical studies have been found that the strategy of the length of hold securities lead to reduce risk more efficiently compared to an increase of the number of securities in the portfolio(Lee,1990) , and this implies to abandon market timing strategy , because of the aim of if the purchase of securities is to hold them for a Long- term on the basis of achieving good returns with a suitable risk(Sprecher,1978).

The volatility that has shaken financial markets in 1930's,1970's,1980's and beyond the second millennium (2008), this situation attracts the attention of researchers to develop a theoretical framework of the concept of time

diversification or market Timing. Although, this Ideological framework accepted because it is a dimension of operation and financial portfolio management, but it did not have the practical foundation to the late seventies and held until the first half of the eighties, where Henriksson, 1984, discover a quantitative measure to determine upwards market and downward market based on the theoretical frameworks of Merton, 1981, which have not been tested until the end of 1990's because it was still the subject of debate about the difficulty of market timing and achieve superior performance. Academics believe that the evidence contradicts superiority depending on the outcomes of portfolio which were negative than positive while specialists emphasize that the superior financial portfolio possible performance if it comes from a good choice securities and their composition , With the rise and decline the market depending on the academic studies ,and these issues do not measure the performance of the market accurately because they compare typically the performance of portfolio according to market timing strategy with return market index . And this later is inefficient alternative of return market portfolio. Therefore, choosing this indicator does not prove to the capital Assets pricing Model (CAPM) which is expected superiority of market timing strategy upon buy-hold strategy (Jones, 1996).

This research provides proofs and evidence that the superiority of buy and- hold strategy upon market timing strategy in the majority of cases, and present suggestions or alternatives to support market time strategy vs. buy-and-hold strategy depending upon events and exciting news. That responds to market and influenced by it but does not take a long time until the market adjusts itself; because the market usually tends to exaggerate the respond to these events being reflects the moods and fears of investors.

II. Study Design

A. Study problem:

The problem of this paper lies in the accurate of prediction of upward and downward markets. This accuracy is the most important to determine whether the timing is profitable or not. Under financial markets with limited investment alternatives. The main questions of this paper are as follows:

1. Is there really a clear timing indicator can be adopted to determine when the market is upward, and downward?
2. What is the most important for the superiority timing Strategy , buy –and-hold strategy, upward or downward market?
3. What is the likelihood of successful market timing?
- 4 .Is it hard to obtain more than average returns by market timing?

B. Study importance.

We can be summed up justification for conducting the current study in the following points:

1. The lack of researches that deals with market timing strategies and their impact on the quality of performance of portfolio strategies. In addition to oppose to the results of these researches about the size of returns achieved from portfolio depend on buy-and-hold strategy and this need to be verified and proof.
2. The need to frame on intellectual approach to affective timing goes beyond market movements and adapt to the realities of the economy and financial centers for companies in order to sell when the time is suitable and purchase before it is too late and on the basis of looking at the aggregate portfolio components and not to this stock or that.
3. Shed light upon the impact of charges in the quality of portfolio performance against which changes the risk levels of these portfolios. Empirical evidences which deal with market timing refer to the higher the risk , the upward market expected , and vice versa . (Branch , 1989).

C. Study objective

This study aims to develop a comprehensive framework. based market timing strategies and evaluating these strategies , as well, buy-and –hold strategy through determine alternatives support suitable timing for market that needs observation to what happens to the economy and financial center of companies in order to reconsider the composition of financial portfolios according to sale and buy timing when the market upward and downward .

D. Study Questions

To answer the questions that advance by this study and which is deal with testing the exact choice of the market timing and satisfy additional revenues of the securities under the effect of the probabilistic variables in the financial market which is accompanying with buying and selling ordinary equities and debentures, we put the following assumptions:

1. The investors could (individuals or companies or financial institutions) Timing the operations of buying and selling in a way to realize additional yields.
2. There are many means used to decline the impact of the variables in the financial market, and then carrying out the quality of portfolio performance in the sours of diversification it with shares or bonds, and by using the means as a procedure to remedy the problem of miss-timing according to the mean of prices of shores in the frequency of the operations of buying, furthermore adopting the procedure of formulating planning solutions to determine buying and selling in the long-run.

Analyzing the implications of these assumptions can determine the basic dimensions of the problem of market timing and its suitable strategy in portfolio management and satisfying the objective of this study, and presents suitable alternatives which have a relationship with the subject of the study.

III. Cognitive Construction

In order to have a comprehensive understand about the subject, it is necessary to study the idea and theories that deal with market timing as follows:

A. Market timing: The concept and importance

The success of the financial portfolio in carrying out superiority performance based on market portfolio in changing its quality financial structure and the choice (that is determining the efficient choices of the securities in the structure of the portfolio)in accordance with the trend of the market upward and downward or switching times (Branch, 1989).

In order to find equilibrium between revenue and risk realized from investment in a certain financial assets , and this known as theory of portfolio , which deals with rational decision strategy that taken by investors who are not desire with risk to build optimal portfolio aims to maximize expected revenue with acceptable level of risk (Francis, 1991; Gap, 1976) .

The concept of timing does not refer only to the situation of buying in the time of decline relatively of securities prices, but also refer to increase relatively of securities prices. The situation of securities market considers a decision factor of buying and selling securities to achieve return excess the average , it source is time diversification of portfolio market timing (Sprecher, 1978; Lee, 1990). Via utilization the volatility of short market in a benefit way through liquidity of securities buying and selling in a suitable period of times (Bauman & Miller, 1994). This concept of timing is the opposite of buy-and-hold concept which ignore the fluctuations as shares and bonds and their volatility between extreme situation of pessimistic or optimistic and according to the response of market to economic forces (such as business, money supply, inflation, interest rate ,...) and none – economic forces such as political unrest. The nature of market tends to exaggerate in response to events and excited news which it does not last in its impact forever (Branch, 1989). It is referred to the market upward when the expectations are optimistic, and the market described as downward when the expectations are pessimistic (Chua et al., 1987).

This qualitative description of upward and downward in the market invites the specialists to inquiry in finding a quantitative measure that determine whether it is upward or downward.(Bull Bear, BB) and they satisfy that , the market determined as upward (Bull) when the average of the market return rate is positive and exceed the risk- free rate ,and bear market as the average return negative minus the minimum risk-free rate (Sharpe,1978).

Superiority performance to portfolio can be realized by choosing superiority securities in compare with other securities that have similar risk or switching from a degree of risk to another in a suitable time. Which is called market timing and the idea beyond that lies in changing the combination of portfolio according Beta by switching among shares that have different Beta, that means possess high Beta

securities before raising the market, and low Beta securities before failing the market (Sharpe, 1978).

The concept of market timing , from the point of view of the researcher , does not refer to selling securities when their prices increase yet, but this way lead to a good timing to sell when the prices decline a voiding more potential losses if the prices have a successive declining in the prices of securities that investors possess.

Sometimes, we find that investments in a high quality and preferences shares of companies, but their realized returns may not associated because of mistiming either in buying (when shares are in their peak) or in selling (when these shares are in their lower levels), therefore it should be necessary taken timing to account because it is a decisive factor, provided that take it into account in investment analysis operations (Charles, 1996).

B. Buy-and-Hold strategy Vs. Market Timing strategy

Buy and hold strategy based on buy and hold shares of securities index for one year at least, therefore adjusted portfolio in the next year, If share excluded from the index and include an, alternative one (Holloway, 1981). The aim of this strategy states that: holding stock from long period of time on a base that it realizes a good return compatible with the investor ambitious. (individual, company, or firm) in expanding .(Sprecher, 1978).

In comparison between the two strategies, a study find out that the investors who used market timing strategy , have excepted upon those who used buy and hold strategy with a high profit margin among to (13.99%) against (8.49%) for the period (1929-1972) with lower risk . but in the situation of the investors of limited ability (less than a perfect ability in timing) the outcomes become totally different because of the cost of the contract of high transaction (Sharpe , 1975) .

In contrast , the empirical studies (Lloyd & Haney,1980), (Lloyd & Modani, 1984) , (Levy, 1984) show that the long of the period of holding securities lead to decline the risk more efficiently in comparison with increasing the number if securities in portfolio (Lee, 1990), and this implicitly refers to negligence market timing totally.

The study of (Chua et al., 1987) concerned with realization performance due to market timing through comparison between two portfolios performance, the first adjust it assets through the movement in investment among shares and treasury transfers and according the Canadian market. The second portfolio depends on buy and hold strategy during the period (1950 -1983) by using Monte Carlo simulation, and profit /loss ratio, this study prove the superiority of the buy and hold portfolio upon market timing portfolio and with positive average revenue positive plus a degree of prediction correction reaches 50 percent.

The study of (Clark et al ., 1989) conclude that the expected revenue on portfolio uses market timing strategy for the period (1934-1972) increases when the available amount of information increase to the investor about the share , and also

the a little amount of information can satisfy annual revenue by 5.9 percent. an empirical study in Baghdad stock market for the period (1992-1999) with sample (105) shares show that the there is no a strong support (reference) to portfolios of market timing in performance upon buy and hold strategy during upward the market, the outcomes of this study show that the analysis of performance of buy and hold portfolio that this portfolio realized relative average mean yield exceed rate of market return overall the period under consideration by (0.031), (0.009), (0.045), (0.006),(0.013),(0.008) for (1992-1999), respectively with systematic risk exceeds market risk by (0.101) ,(0.099),(0.120) for the years (1992),(1995),(1999) respectively (Almashhadani, 2000).

In a study carried out by each of the (Chen & Liang , 2007) use hedging funds amount (22) funds in New York market securities , this study find out a strong evidence that managers of hedging funds have the ability of market timing when the circumstances of market are fluctuated, and in the situation of dealing traded share price in the market, in addition, the study concluded an important interpretation of the funds that uses general strategies based on options trading, liquid options which are unlikely to be attributed to luck.

Fulkerson (2013) developed new measures to evaluate the activities of mutual investment funds using the holding of the portfolio for the period(1995-2007), these measures test the direction of the study conclude that mutual investment funds do not generate additional revenue from any kind of skill , unlike previous study that have focused on mutual funds, for the period (1980-1994), which proved that most of time skills come from trading stocks properly within the industries , although some of money available to it derived from some of the skills in the timing the selection of industries.

A Study (Metcalfe, 2018) has proved is that the probability distribution function of market timing returns is asymmetric, that the highest probability outcome for market timing is a below median return, and so on calculate the feasible set of market timing portfolios using index mutual fund data for perfectly timed (by hind sight) all or nothing quarterly switching between two asset classes, US stocks and bonds over the time period 1993-2017.

Supporters of buy and hold strategy confirm that the market timing it depend on the timing precision which is difficult in the light of uncertainty and complexity in the rapidly changing economic environment and trying to forecast the exact future of the movement of stock prices in the market is a form of adventure which is uncalculated results because it is impossible that any investor can determine in advance the upper and the lower prices that can securities reach in the future , at least with any degree of accuracy even the so-called economic bubble that financial market. could corrects it may late for many years before the collapse in prices is happening, as happened in the collapse of the real estate market and the mortgage, which resulted in (2008) to the global financial crisis and its effects

extend to include the global economy and financial market for years late this means that the market timing strategy is a controversial strategy between supporters and opponents about the significance of its use.

Based on the above, we can conclude that the buy and hold strategy is the best in the light of complexity and interdependency that prevails in the world's economies and market, high costs of transactions contract with time, In addition, the prices of securities increase in the long-run, there are many evidences and facts proved that the prices of securities do not decline during the last forty years except in the nine years, this means that in buy and holding securities the results will be in favor of the investor for each of three years out of four years, while sales led cases as a result of market timing portrayed wrong for disaster for some investors (Charles, 1996) who bear the consequences of the transaction costs of the temporary and contract to market timing, In addition to losses that affect their investments, the main question here is: what about the investors who searching to realize superiority returns in the short term

Undoubtedly, the market timing strategy will still a target that some investors are seeking for, because the majority of them seeking for additional revenue and repetition the realized situation with advance readiness to bear some risk, and who use the timing strategy should accept a high risk parallels his objective to realize maximum revenue, When the point of view to shares is necessary to sale and vice versa (Jeffrey, 1984).

C. The suggested alternative to support market timing and remedial procedures.

There are a group of alternatives that reflect the strategies that can be used in the field of market timing, superiority in the quality of the performance of the portfolio through a change in the proportion of the portfolio components to shares versus where the bonds and cash or any other securities, depending on the level of prices in the market in a specific time, and a change in shares proportions that owned in selected industries such as in the durable commodities or consumptions commodities, and according to the philosophy and investment behavior of the investor (Fisher & Jordan, 1996).

C.1. Investing in Bonds only Instead of common stock.

This alternative reflects solution to the problem of timing by ignoring Investment in ordinary shares completely, and restoring to invest in bonds (fixed-income) where to buy and hold it until maturity, and then re-investment again. This alternative is used by investors with high tax ratio and they can buy government bonds which are tax-free debentures.

But the question remains for bonds in the long-run connected with two major determinates: (Amling, 1965)

-Bonds portfolio gives investor lower returns than those achieved by the shares portfolio or any other investment tool.

-Restoring to the bonds in the formation of the portfolio does not protest the investor from the risk off purchasing power in the long-run because the prices of bonds do not increasing or decreasing according to change in the purchasing power of currency, as in the case of shares.

C.2. Using Average Shares Prices in Formation portfolio

This strategy did not depend on buy portfolio shares again but buying several shares in different times, diversifying the period of time for buying operations in the long-run according to the average shares prices which it would be better in the combination of the portfolio compared to the purchase of a one-time with one price and this lead to decrease risk by diversifying the time of purchase in the light of the average price of shares purchase, then repetition purchasing in different prices decline from the average cost of owns shares. For example if investor buy (30) shares for (100\$)per shares and often a period of time the price of the share declined in the market to (70\$), the investor in this situation will wait until the prices return to rise and sale his shares, if we suppose that the investor had additional amount by(\$1050) he can buy (10) additional shares at price of (\$70) per share , and the average shares prices he owned becomes $(2/70+100=\$85)$ per share, and his strategic option, he possess (45) shares in accordance with average price (\$85) per share, And the continuation of the operation , the investor buying decisions become based on the average share, prices put differently , the aim of investor focused on reducing the average share prices, whenever there is a decline in the market.

The advantage of this strategy appears when the value of shares become fairly high, Therefore, this strategy allows the investors to lessen the losses through declining average shares price, and realize additional revenue at the same time, when shares prices increase in the long-run what determines resort to his strategy is its need for strategic patience, deliberation and following which investor lacking if the prices continue to deteriorate and decline for a long time (Amling , 1971).

C.3.Using the Average Currency to Buy Shares & Bonds

The investor can use this strategy, and the idea of this strategy lies in Invest constant amount in Dollar in regular period of time .For example, the investor likely to buy shares with calque equal (\$100) month. The more the price of share, the less of the number of shares bought, and less of the prices, the more the number of shares when price change, and the investor finds the average in Dollar has a good news and a bad news. (One is depending upon changing in the value of the previous assets (possessions), and the other depend on the price by which could buy new assets).

With respects to investor buy portfolio from shares a similar relationship will appear between the average level of the market and average cost of his shares in the market (Sharpe, 1978).

The aim (good) of these transactions is to reduce the cost less than average market. The advantages of this strategy are as follow:(Charles, 1996)

- Lessen the pressure on investor in timing shares buying this will a variable equal facilities in the situation of upward or downward of shares prices with emphasize that this reflects best outcomes when prices decline.
- Enable investor to plan his investment programs continuously.
- Provide prediction methods and continues review to investor portfolio and his aims (objectives).

The cons of this strategy are summarized by:

- Variety of the costs of buying shares from time to time, regards a hard task to investor who possesses relatively little money.
- Undesired and inability to the investor to prepare the programs of the average when he buy , this give impression to the investor that the increase in the shares prices reach to the maximum level , as well as case to decreasing shares prices let the investor thinking that it will be decreasing more . There two situations may let the investor abandons to buy and then foundations of this strategy will collapse
- This strategy does not discuss the problem of the sale of shares bought (purchased), but it concerns on the solutions of timing problems buying operations only.

C.3.Buying with Minimum Price & selling with Maximum price According to the Strategy of plans Formulation

The idea of buying shares when their prices decline, and sell them when their prices increase regarded a distinctive idea to investor, but it is difficult to verify and use as a strategy, because it relates with the experience of investor and his skills ability to prepare planned programs to automate the timing and take them as a guide in buying and selling and investment management in efficient method, this so-called plans formulation.

- If the investor accurate in his prediction and judgment on the market variables, then he can buy at minimum price and sell at maximum price , in this situation, the previous strategies (average shares prices. average exchange) will lose their meaning, because they solve the problems of the timing of the purchase for the investor, but don't tell when to sell the stocks owned (Amling, 1965)

The timing plans of the ration of the components of financial portfolio have been achieved dazzling success for financial institutions for the first tome and in a wide extend for the period (1929-1953), because it dealing with movement of market in selling when market goes up and buy when it goes down (Sprecher, 1978).

There are many types of plans that can formulate and program them in this respect. We mentioned to some of the follows:

(1)The Constant Stock Ratio Plan

According to this plan, the portfolio can transfer easily from bonds to normal shares and vice versa, through holding a fixed amount and invest it in a part of

portfolio consisting of Common shares (Sprecher,1978), and leave a part of portfolio which is invested in bond, adjusted according to variations in the value of portfolio when the value of normal stock are sold to protect the fixed amount invested in normal shares and use the result to selling money to purchase bonds (Francis,1983).

That is id the normal shares ratio in portfolio by (50%), the operation of shares selling take place when the current value of shares declines to(45%)from the total value of the portfolio then bonds are sold and shares, are bought in order to restore the fixed ratio (50%)of the stocks (Sauvain, 1973).

And it is not necessary the invested sum in the shares equal to invested sum in bonds or treasury transfers, because the market is the main force that determine the percentage of the invested amount in each of them – If the market us upward, the invested ratio in bonds or treasury transfers, and when the market goes down, the invested ratio in share becomes high than the invested ratio in bonds or treasury transfers.To illustrate That the (1) shows an example about this plan which require changing in the portfolio when the price of shares increase by (25%) or by (20%) and the realized stock dividend for the sequence period (1&2) reached to (1, 250) and (2, 500), respectively, and the realized return declines for the two period and (3&4) to (\$500) , compared with original range from capital (Amling , 1965) .

Table I Fixed Ratio Plan from shares

Period	Procedure	Movement of security price(%)	Shares (\$)	Bonds or Treasury Transfers	Aggregate Amount of Investment (\$)
1	Selling shares with value (\$1.250) buying bonds with (\$1.250)or holding this sum in cash	+25	5.000	5.000	10.000
			6.250	5.000	11.250
			5.000	6.250	11.250
2	Sale shares with value (\$1.250) Buying Bonds with value (\$1.250)	+25	6.250	6.250	12.500
			5.000	7.500	12.500
3	Buying shares with value (\$1.000) Selling bonds with value (\$1.000)	-20	4.000	7.500	11.500
			5.000	6.500	11.500
4	Buying shares with value (\$1.000) Selling bonds with value (\$1. 000)	-20	4.000	6.500	10.500
			5.000	6.500	10.500

Source: Amling, 1965:549

(2). The Constant Stock – Bond Ratio Plans

This plan keeps the balance (equilibrium) of investment ratio between stocks and bonds which can be (40-60) or (50-50) or (40-60) and the real ratio used depends on investors preferences (Sprecher,1978),This plan requires a balance in the invested ratio in stock and bonds, if this ratio was (50-50) at the beginning of investment. So, the retained lies in increasing the value of stocks by selling them

when their prices increase and buy bonds and increasing more or decreasing less than stocks prices on the ground that the goals of the plan is buying in low price and sale with high price automatically without predict market fluctuations . Portfolio in achieving Returns. According to this plan depends on time to readjust the portfolio proportions every time the market index rises or falls from the standard level (Francis, 1972). Table (2) shows what will happen when investor buy the stocks when their values increase to (\$6.250) and how they sold by (\$625) with ratio (50-50) in the first period. the results to this plan are not in The same quality of fixed stock plan where the returns of portfolio (\$258) [(500-242) =258] i.e. less than previous plan. The results will be different if we adopt different ratio for stocks bonds and the portfolio performance under constant stock-bond ratio is better in the upward market compared to downward market (Amling, 1965).

Table II Constant stock – bond ratio plan

Period	Procedure	Movement of price security (\$)	Stocks%	Bonds or treasury transfers(\$)	Aggregate invested sum (\$)
1	Selling stocks with value (\$625)	+25	<u>5.000</u>	<u>5.000</u>	<u>10.00</u>
	Buying bonds with value (\$625)		6.250	5.000	11.250
	While keeping ratio (50-50)		5.625	5.625	11.250
2	Selling the stocks with values (\$704)	+25	7.033	5.625	12.658
	Buying bonds with values (\$704)		<u>6.329</u>	<u>6.329</u>	<u>12.658</u>
3	Selling bonds with value (\$628)	-20	5.063	6.329	11.392
	Buying stocks with values (\$628)		5.691	5.691	11.392
4	Selling bonds with value (\$570)	-20	4.551	5.691	10.242
	Buying stocks with values (\$570)		5.121	5.121	10.242

Source: Amling, 1965

(3) .The Variable Stock-Bond Ratio Plan

The strong upward trend in stock prices after world war II until the end of sixties was imposed on financial institutions to abandon previous plans because they are not capable of dealing successful with the continuation of upward trend , which lead to the emergence of the variable level, then it is possible to take balance investment ratio in stock-bonds and in the rate of (50-50), but when the prices of

stocks gradually to above the normal level of prices then It is possible to reduce a part of portfolio which component of the stocks to (40%) and (30%) then to (20%) and so on. On the contrary, the part of portfolio component of the stocks to (60%) and (70%) up to (80%) when the stocks prices decline less than normal level (Sprecher, 1978).

According to the variable ratio plan, the investment ratio adjusted in stocks and bonds component of the portfolio in compatible with the relative change in market index up and down, where the stocks are sold when the prices increase and instead that the defensive assets which have permanent income (bonds and preference shares) are bought. And instead of keeping the percentages of stocks ,bonds constant as in previous plans, the ratio of stocks reclines when the stocks prices upward and this ratio increases in the case of prices downward more than market index (Cottles & Whitman, 1953) .

Table (3) shows the mechanism of this plan when market index increase or decrease by (10%) the result is that there is decline in the invested ratio of stocks and increase in the ratio of bonds in the portfolio . and this represents. defensive procedure in the upward market and when the market index go down. the investment ratio should increase in stocks and decrease in bonds, so this procedure becomes offensive in the downward market . because the amount of investment is increased in stocks through buying more of them and invest less money in bond, and maintain portfolio realized may be required out of the market when stock prices are on rise and enter this market again when the price are on decline for the purpose of simplicity, tables (3) shows the balance of the investment in stocks and bonds amount by (\$10.000) in rate of (50%) for each of then when the center point of the market index is about (565) points and this ratio is adjusted according to the market situation in upward and downward . when the market index going up by (10%) four cases of sale has been completed in March and July 1959 and in March 1961 & 1962 respectively, as result , the ratio of investment in stocks to (40%) and (30%) in 1959, then reached to (30%) in March 1961 and to (20%) in March 1962 and three cases of stocks buying occurred when market index declined twice in May 1962 , as well as in October 1962, which led to increased investment ratio in stocks so that ratio rose to (30%) in May 1962 after that fell to (20%) in March 1962 , then it increased to (40%) for the second time in May 1962, and continued to rise to (50%) in October 1962 , and has a purchase of bonds once in February 1960. as a defensive procedure when the market index fell by (10%), and as a result of cases of buying and selling stocks and bonds in the portfolio achieved a net return of (\$809) in October 1962 compared to the total amount investing in November 1958, which was amount (\$20.000), (Amling, 1965).

The aim of the use to these strategies if reflected in the research on the feasibility of the alternative that are based on same of objective basis, that makes it easy for an investor (individuals or companies) to use programming techniques to

determine when he should sell his portfolio assets, i.e. It mainly focuses on identifying sales times, thus they have found a solution to the problems that arose when using the average stock price, and average currency value or allotted sum of investment. We can say, in general, that investor who based on efficient information enables him predict and follow the market movement, and he will be able to adjust a regular risk level of his portfolio, through increasing or decreasing its assets ratio from stocks based on his expectations to the upward or downward of the market movement. (Sauvain, 1973).

The experience and practices of investor in the stock market regarded as critical factors in using a suitable strategy to solve timing problems. As Nicole Machiavelli says since four centuries before in his book "The prime".

Table III The Variable Stock –Bond Ratio Plan

Date of Investment in Securities		Market Index (Points)	Market Change (%)	Stocks (\$)	Ratio (%)	Bonds (\$)	Points (%)	Total Invested Amount
November	1958	565	—	10.000	50	10.000	50	20.000
May	1959	622	+10	11.000	—	10.000	—	21.000
Sell Shares		—	—	8.400	40	12.600	60	21.000
July	1959	679	+10	9.240	—	12.600	—	21.840
Sell Shares		—	—	6.552	30	15.288	70	21.840
February	1960	622	-10	5.897	—	15.288	—	21.185
Buy Bonds		—	—	8.472	40	12.713	60	21.185
March	1961	679	+10	9.319	—	12.713	—	22.032
Sell Shares		—	—	6.610	30	15.422	70	22.032
March	1962	736	+10	7.271	—	15.422	—	22.693
Sell Shares		—	—	4.539	20	18.154	80	22.693
May	1962	679	-10	4.085	—	18.154	—	22.693
Buy Shares		—	—	6.672	30	15.567	70	22.239
May	1962	622	-10	6.005	—	15.567	—	21.572
Buy Shares		—	—	8.629	40	12.943	60	21.572
October	1962	565	-10	7.866	—	12.943	—	20.809
Buy Shares		—	—	10.405	50	10.404	50	20.809

Source : Amling , 1965:553

The rational human-being could remedy risks easily just predicted them, but if he wait until they take place, the remedy becomes futile, because the disease inherent. On the other side, the investor, who delayed a moment to catch the rise and decline the market, He will lose to gain additional revenues exceed what is justified by stocks risks.

IV. Timing Strategies and Efficient Markets

Efficiency in stocks market implicitly requires that a; relevant information relating to specific stock reflected in its market price, which gives a better estimate of the real value to stocks by its current price, which is move away slightly from this value (Levy, 1984), investors should not use strategies that realized superiority on the market in a regular way to them by identify the evaluated stocks with declining evaluation, because the efficient market hypothesis predicts that the investor or his constant unlikely ensure superiority revenue on the market, regardless the methods he adopted, because the stock prices respond randomly to the important news about the market, which enter the market in unexpectedly way which cannot be predicted, and there is no investor could know when will the next news come and whether they are related to the industry or public policy and economy or not , and whether these news are positive or negative nature (Dreman, 1977).

The best strategy can be used in this situation is buy and hold strategy to the portfolio includes securities, how a risk degree desired by investor, especially the securities with high risks give high premium in the course of time.

The diagnosis of stocks that are move in frequently trends and patterns can be used by temporary (timer) market to predict the future movements of stock prices to decide when he could buy and sale specific securities and get benefit from one direction before it becomes known for other investors , If this possible realize this by precise interpretation of indicators, the investor will seek to buy a security in low price and sale it by high price, in this way he will beat all the market (Hampton, 1982).

In general , if any investor get over return regularly, we conclude that this investor has information not reflected in stock price, and he used these information in purchase and sales orders to his own to increase stock price (upward or downward) to its new equilibrium level, to realize over return in this transaction (Levy, 1984) , Supporters of the idea of the efficient market stress that if should devote the shortest time to analysis securities that wanted to be attached to assets within the portfolio, and at the same time increase the allocated time to other considerations such as tax cuts, lessening transactions costs, and to maintain the level of risk (Charles, 1996). Buying stocks when the market slowdown (Bearish market) and selling when the market upward (Bullish market), and this not easy because timing market depends upon whether the market will continue slowdown or upward, and knowing how to get best results in future without knowing what the future hide (Levy, 1984).

In the light of the above, we conclude that the effect of timing and its strategies, becomes less important as the market is approaching from the concept of efficiency, and this makes the timing more important under exceptional circumstances to achieve additional revenues superior on the market, but at the

same time acceptance higher risk unless there is a quite accurate in choosing the right timing.

Conclusion

1. Difficulty building an optimal market timing strategy in light of the complexity of the global economy, with ramifications, influences and relationships that cannot be counted and control over their variables, whether in times of optimism or pessimism, and it becomes impossible to predict what the stock prices will be in the future based on past or current prices. Good economic bubbles, which investors bet on, that they last for a period of time before prices collapse again and last for a long time until prices return to rise. Therefore, there is no evidence that takes the form of generalization about the superiority of market timing portfolios over buy and hold portfolios, and if the matter of anticipating what the future prices would be affected was easy, most investors would not have lost during the global financial crisis (2007-2009), even in varying proportions, and also during a crisis of decline International Oil Prices (2014), with some exceptions for investors that are a coincidence. There are few traders in the world who predict correctly.

2. Continuing debate over whether market timing is an investment strategy, viable or not in undervalued or overvalued markets, as the efficient market hypothesis claims; The fact that the prices of securities always reflect random behavior in trading, and therefore their consistency cannot be predicted, thus adding another dimension of complexity, as you see that it is unlikely that investors will be able to outperform the market, because all the new information available to them (from share price growth models, Trading volume, revenue growth, earnings divisor, and income data), are reflected in the price of the security whose price is close to its real value, and this is also an ideal case that is difficult to reach.

3. The market timing strategy can be used in building individual portfolios or a group of securities, as mutual funds do, buying and selling securities while re-balancing the portfolio in the event of predicting an event that will affect the economy and the prices of securities; That is, buying when prices are low and selling when prices are high.

Recommendations

Legitimate questions about the timing of buying and selling, and the potential for systematic and effective timing, are under intellectual and practical attempts due to the rapidly changing effects of the stock market's mechanics, which make stock prices take random behavior in most cases, and instead the focus is on how to use income data Or general data in building a portfolio of stocks with risk commensurate with the return required from them, and maintaining them, and beyond the problems facing investors in the application of timing strategies, Because the investor, no matter how smart, will not be able to outperform the market on a regular basis, given that the price changes of securities depend on new indicative information, and there is no investor who can predict future news about

the nature of the industry, economy and politics in a rapidly changing environment, and so on. If this nature is positive or negative, and all investors await the occurrence of the event and deal with its immediate, remote, and not tribal effects, unless they are familiar with extraordinary information, and act on its light by buying or selling. This is a particular illusion because economic or financial theory is not able at the present time to achieve scientific and practical means to successfully implement market timing, so market timing remains an art and not a science.

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