

The purchase and sale of BEL20 shares by individual investors during the coronavirus crisis

FSMA

FINANCIAL
SERVICES
AND
MARKETS
AUTHORITY

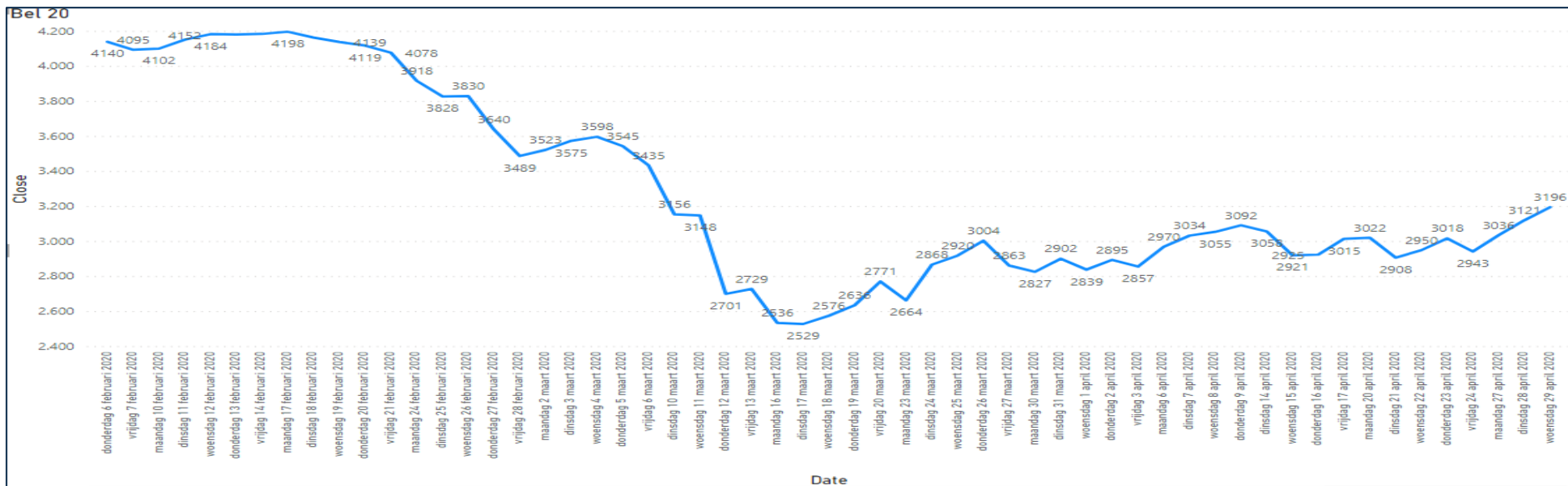
Quantitative study based on the
MiFIR transaction reports

Table of contents

1. Introduction
2. Research questions
3. Sample
4. Number of transactions
5. Breakdown by age group
6. Breakdown by investment frequency
7. Conclusion

Contributors: Randy Priem, Emmanuel De Haes, Annick Lambrechts, Willem-Jan Rubens, Jan Vyverman, and Mario De Pauw

1. Introduction



Source: Thomson Reuters Eikon

- The COVID-19 pandemic has had, since 24 February 2020, a negative impact on the BEL20. On 12 March, the index saw the **sharpest fall in its thirty-year existence (-14.21%)**.
- Since 17 March 2020, the BEL20 has been climbing again, but the benchmark has not yet achieved the pre-coronavirus level.

2. Research questions

- Can we demonstrate **quantitatively**, on the basis of the MiFIR transaction reports, that individual investors (natural persons) purchased more shares during the crisis period (24/02/20 to 30/04/20)?
- Do we see **differences among age groups** (e.g. are younger individuals buying more than older people during the crisis)?
- Do we see **occasional investors buying more shares during the COVID-19 period** in comparison to frequent investors?

=> The answer to these three research questions is positive.

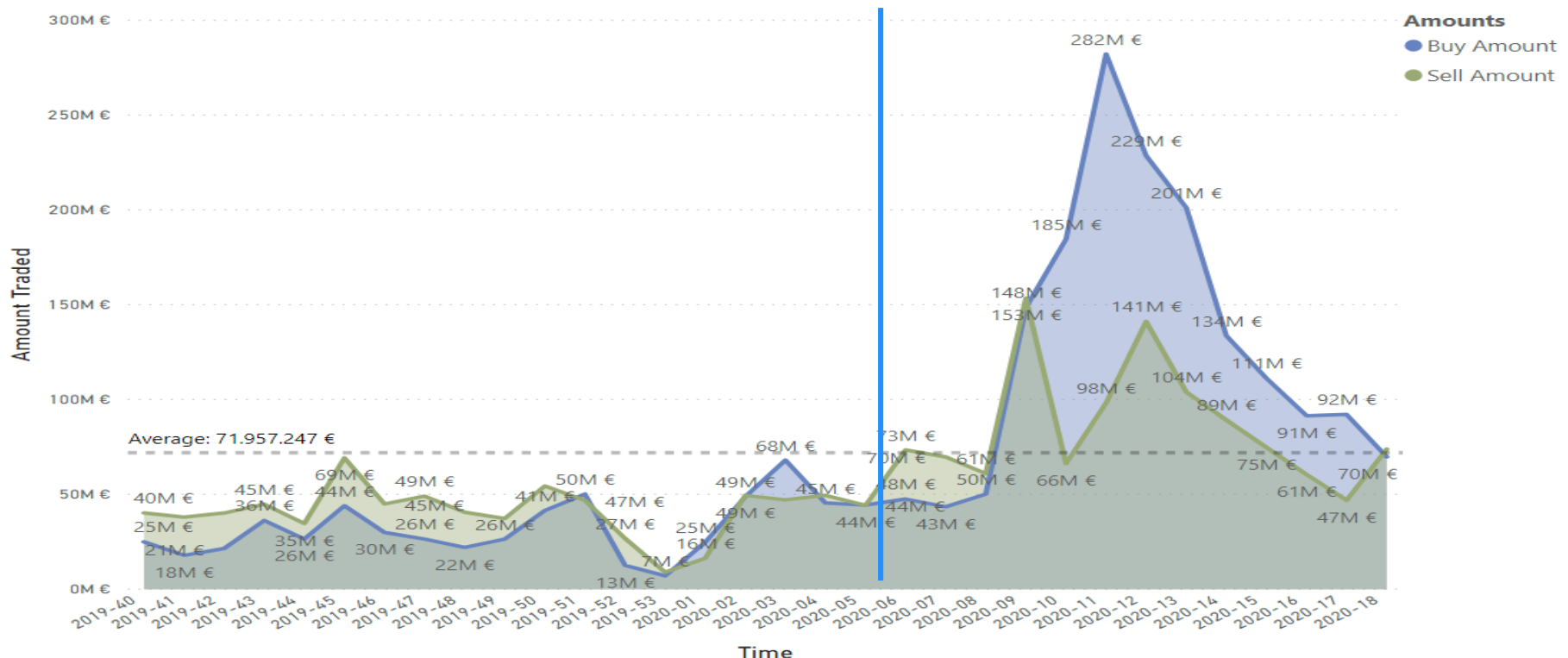
3. Sample (1)

- Use of the transaction reports that the FSMA receives pursuant to Article 26 of Regulation No 600/2014.
- **The following transactions were included:**
 - Transactions by natural persons; no (financial) legal persons.
 - Transactions in shares that are part of the BEL20.
 - Transactions carried out during office hours (i.e. not on the weekend, on holidays or other days when Euronext Brussels is closed).

3. Sample (2)

- Total number of transactions in the sample (since January 2018): **3,158,099**
- Total number of individual natural persons in the sample (since January 2018): **322,835**
- Total number of individual natural persons during in the crisis period: **138,746**
- Total amount traded from 2 January 2018 to 30 April 2020 (the entire research period): **EUR 10,810,856,318**
- Total amount traded from 24 February 2020 to 30 April 2020 (i.e. the crisis period): **EUR 2,628,062,506 (i.e. 24.31%)**

4. Number of transactions (1)



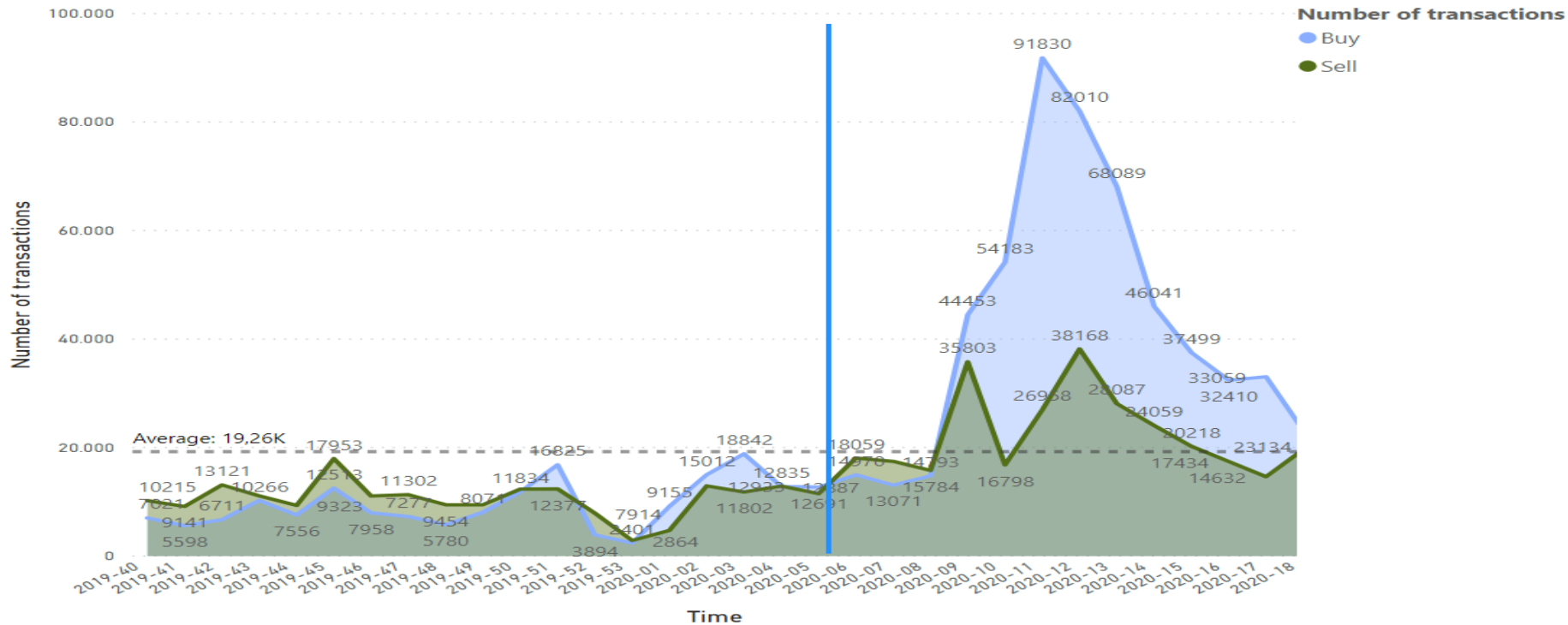
- Natural persons traded (i.e. bought and sold) more during the coronavirus crisis in comparison with previously (> 72 million euros).
- During the coronavirus crisis, they bought more than they sold.

4. Number of transactions (2)

Period		Buy Amount (€)	Sell Amount (€)	Buy-Sell Amount Spread (€)	Evolution BEL 20
2019 (daily average)		31,377,105	46,921,881	-15,544,776	22.73%
2020 Week 9	24/02 till 28/02	148,451,517	153,439,027	-4,987,510	-11%
2020 Week 10	02/03 till 06/03	184,511,245	66,293,127	118,218,118	-2.50%
2020 Week 11	09/03 till 13/03	282,190,869	98,175,246	184,015,623	-13.92%
2020 Week 12	16/03 till 20/03	228,520,968	141,176,232	87,344,736	9.30%
2020 Week 13	23/03 till 27/03	201,134,768	103,985,311	97,149,458	7.46%
2020 Week 14	30/03 till 03/04	133,637,411	89,218,186	44,419,226	1.65%
2020 Week 15	06/04 till 09/04	111,224,255	74,742,446	36,481,809	4.13%
2020 Week 16	14/04 till 17/04	91,467,905	60,500,551	30,967,354	-1.38%
2020 Week 17	20/04 till 24/04	92,137,286	46,915,807	45,221,479	-2.60%
2020 Week 18	27/04 till 30/04	69,758,640	73,822,153	-4,063,513	2.06%
Total				634,766,780	

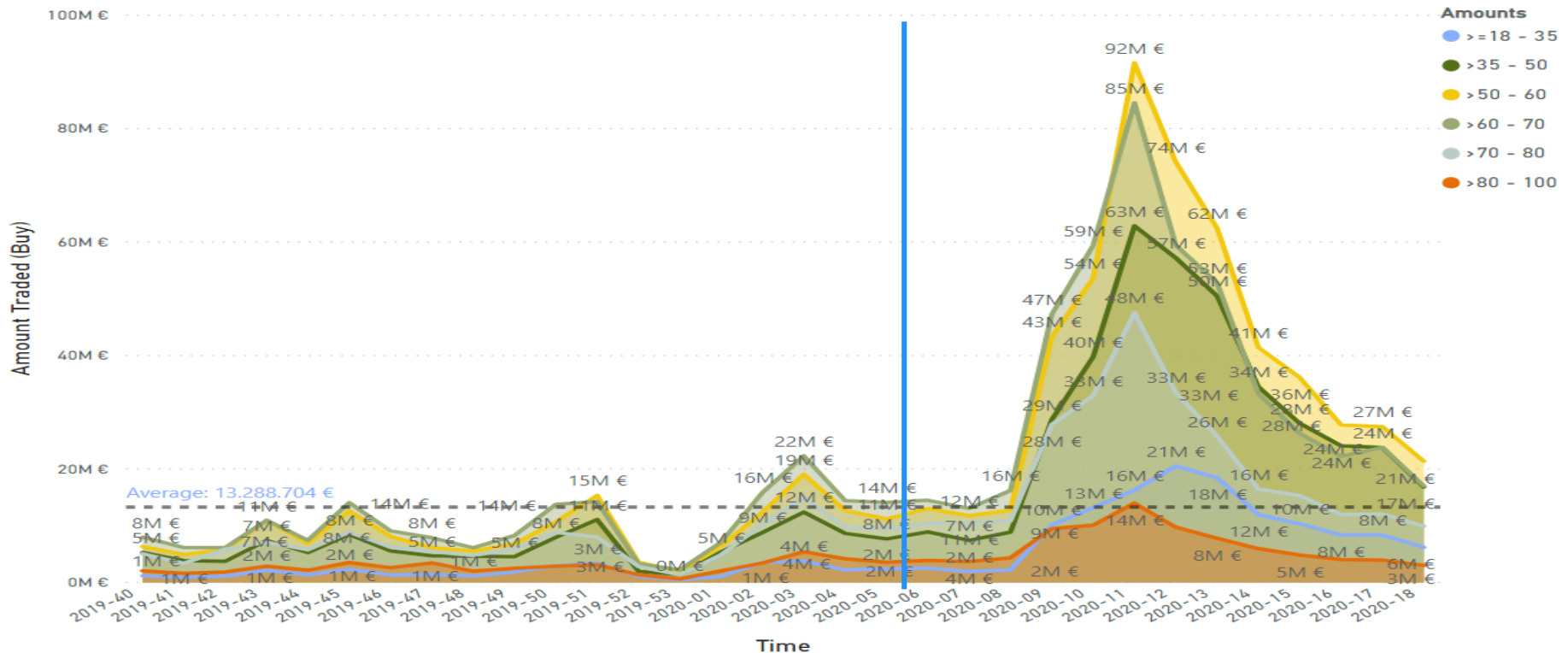
- In certain weeks during the coronavirus crisis, private individuals bought nearly three times as much as they sold.
- During the entire crisis period, cumulative purchases by private individuals exceeded sales by more than 634 million euros.

4. Number of transactions (3)



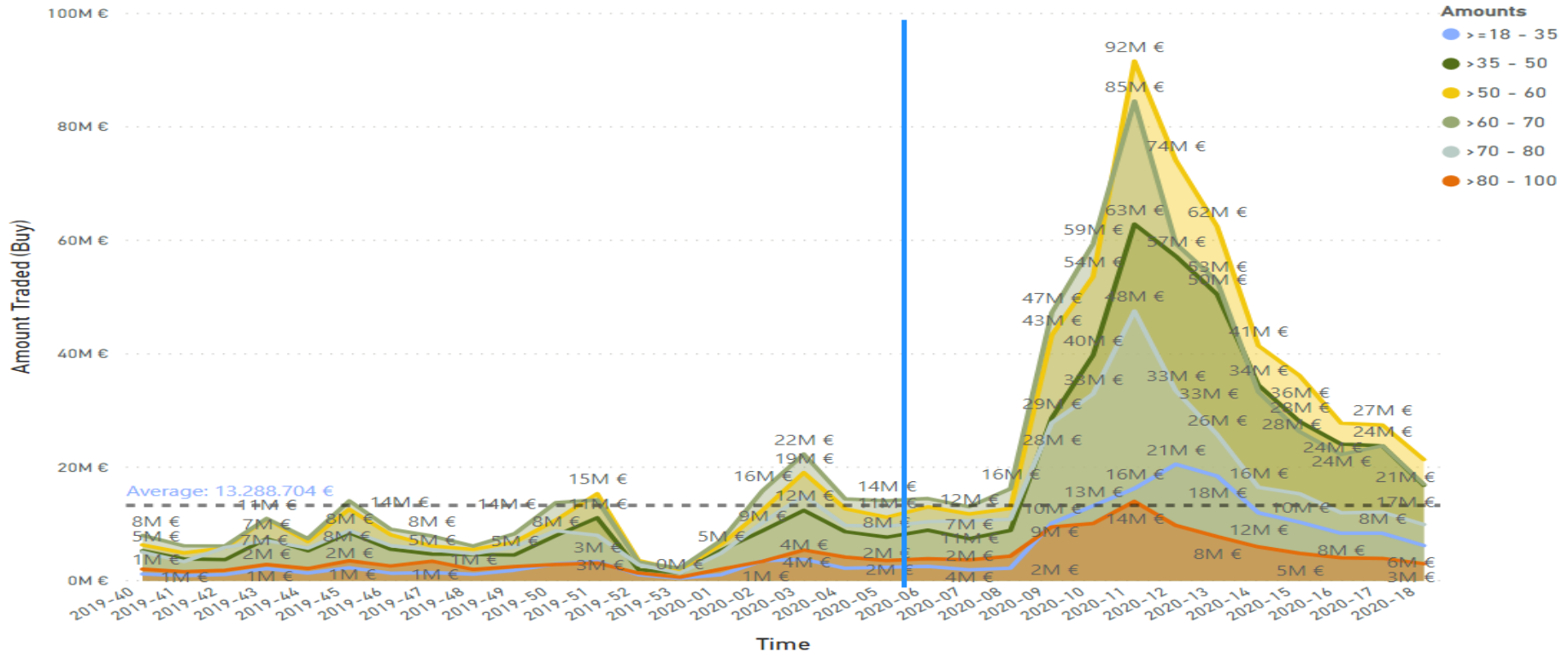
- Individual investors carried out more purchase transactions (total of 555,542) than sale transactions (total of 293,094).
- There were two sales peaks: namely in the 9th week of 2020 (24/02 to 28/02) and in the 12th week (16/03 to 20/03).

5. Breakdown by age group (1)



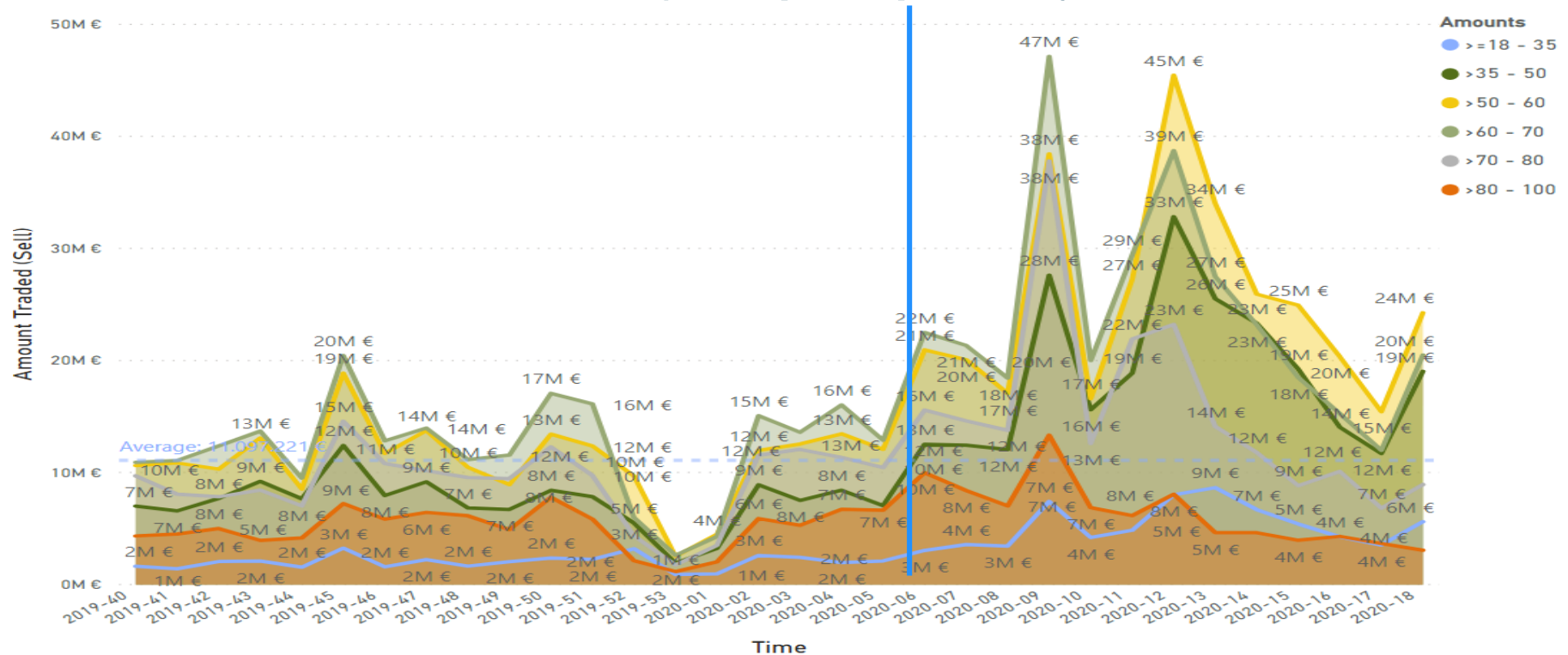
- Each age group purchased more shares during the crisis period.
- Young investors (18 to 35 years of age) bought only 2 million euros' worth in the week before the crisis. This amount rose to 21 million euros in the 13th week of 2020 (23/03 to 27/03).

5. Breakdown by age group (2)



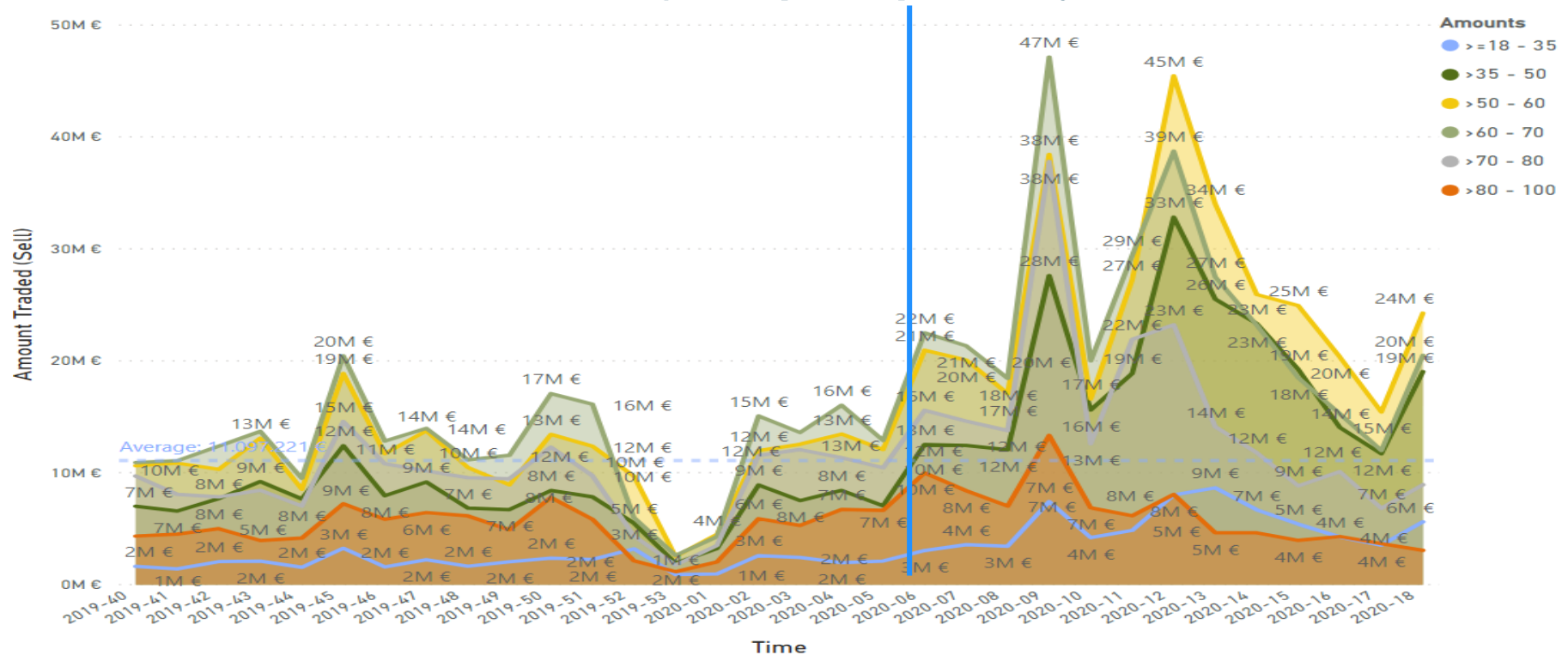
- The most active age groups are (in decreasing order):
 - >50 - 60 years
 - >60 - 70 years
 - > 35 - 50 years
- The crisis has not changed this order.

5. Breakdown by age group (3)



- Sales activity rose only slightly in the 18-35 age group and even fell in the > 80 age group.
- In the 9th week of 2020 (24/02 to 28/02), it was mainly those > 60 who sold shares (for 47 million euros), followed by those > 50 and those over 70 (both for 38 million euros).

5. Breakdown by age group (4)



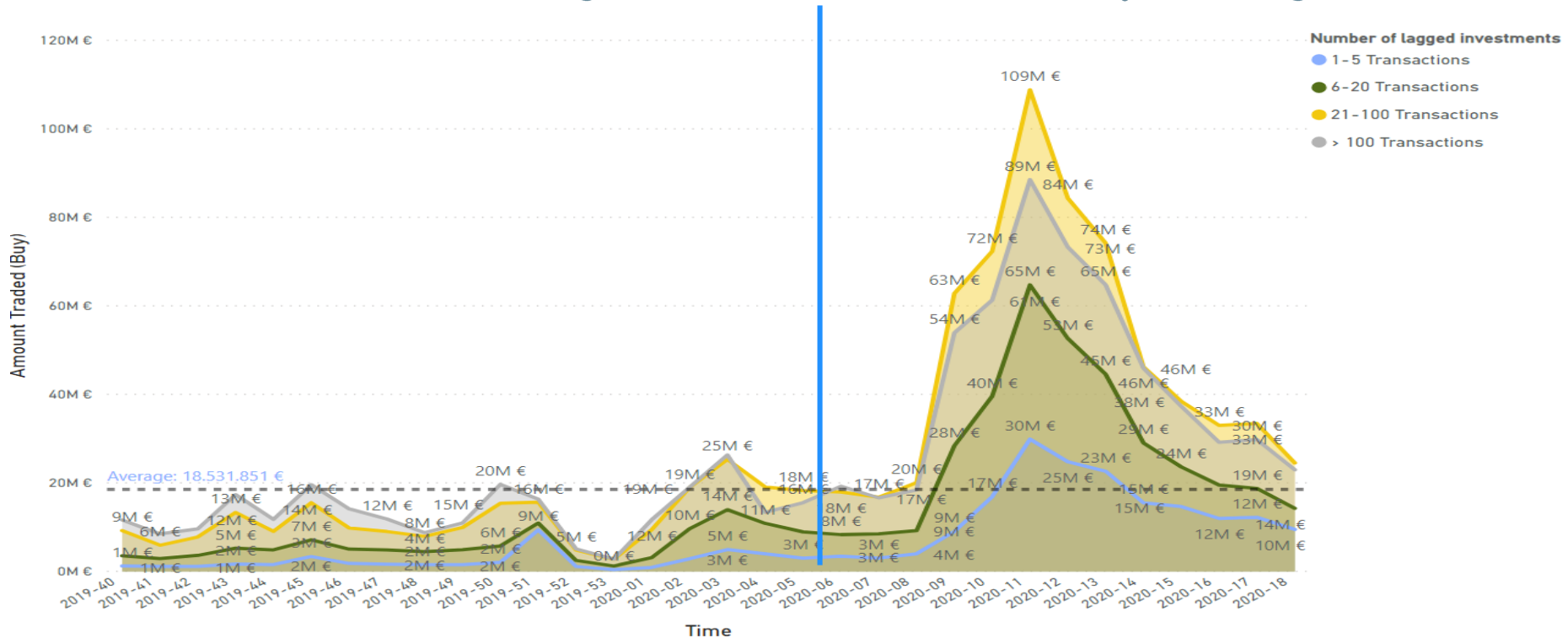
- In the 12th week of 2020 (16/03 to 20/03) it was mostly the >50 age group that sold shares (for 45 million euros), followed by those >60 and people in the 35-50 age group.
- The order of the age groups thus differs between the two sales peaks.

5. Breakdown by age group (5)

Age category	Average buy-sell amount spread in 2019 (weekly basis, in €)	Average buy-sell amount spread during the COVID-19 crisis (weekly basis, in €)
>=18 - 35	-73,273.54	4,755,521.21
> 35 - 50	-1,173,333.09	11,279,641.08
>50 - 60	-2,261,321.45	14,313,294.69
>60 - 70	-1,364,453.04	11,958,020.77
>70 - 80	-1,136,929.47	5,013,260.30
>80 - 100	-1,579,108.06	54,086.00

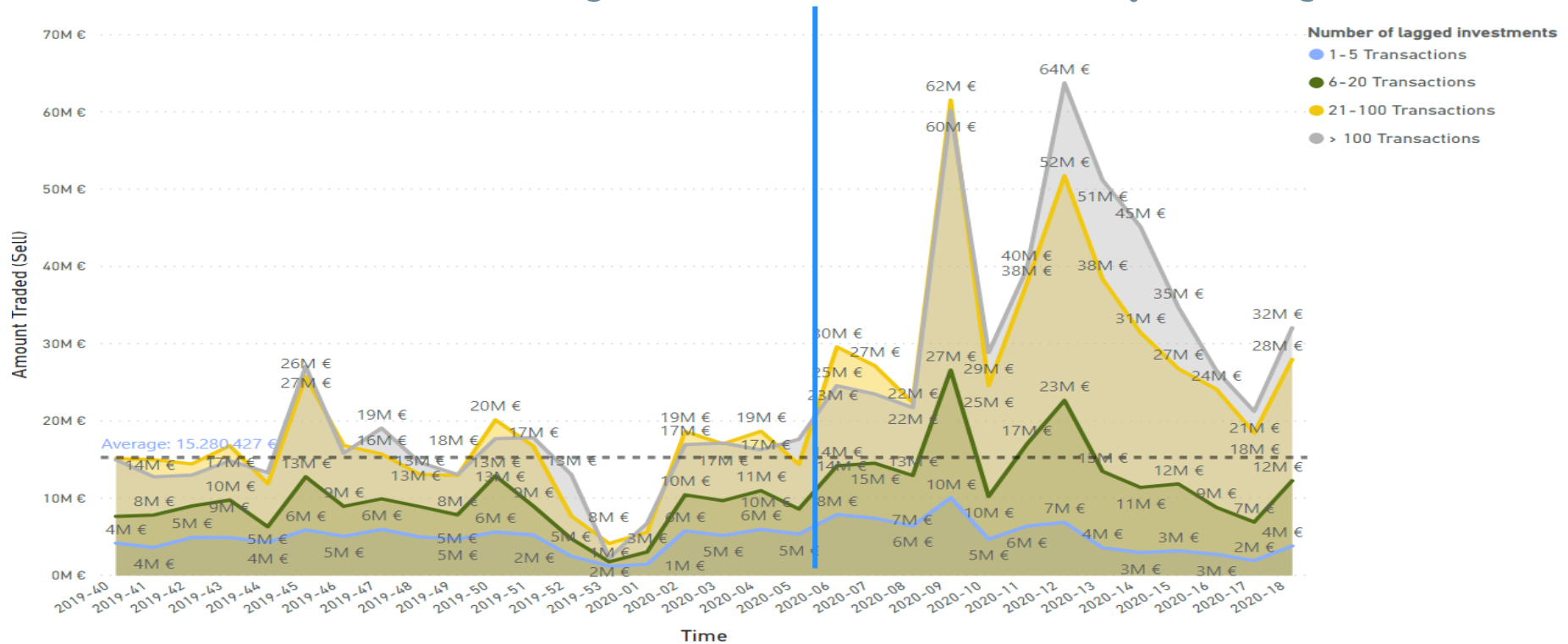
- The buy-sell amount spread during the crisis period was:
 - For the 18-35 age group, up to nearly 65 times higher in absolute figures.
 - For the 35-50 age group up to 9 times higher.
 - For those > 50 up to 6 times higher.
 - For those > 60 up to 6 times higher.
 - For those > 70 up to 4 times higher.
 - For the > 80 age group, almost 30 times smaller in comparison with 2019.

6. Breakdown by investment frequency (1)



- Each category, based on the number of transactions carried out in the previous period, bought more shares during the COVID-19 period.
- Infrequent investors (1-5 transactions) bought only 3 million euros' worth in the week before the coronavirus crisis. This amount rose to 30 million euros' worth in week 11 (09/03 - 13/03).
- During the crisis, it is mainly the 'medium-sized category' that saw more activity, rather than the category with the most frequent investors.


6. Breakdown by investment frequency (2)



- Infrequent investors (1-5 transactions) seem to have sold little more during the COVID-10 period.
- It was mainly the frequent investors (≥ 21 transactions) who seemed to sell more. Their sales doubled (from ± 18 million euros in the week before the crisis to ± 60 million euros).

6. Breakdown per investment frequency (3)

Frequency category	Average buy-sell amount spread in 2019 (weekly basis, in €)	Average buy-sell amount spread during the COVID-19 crisis (weekly basis, in €)
1-5 transactions	-1,774,107.45	8,442,904.39
6-20 transactions	-1,561,035.08	13,717,989.62
21-100 transactions	-1,779,050.11	16,235,991.08
> 100 transactions	-1,707,366.36	6,785,899.00



- The buy-sell amount spread during the COVID-19 period is:
 - For infrequent investors (1 to 5 transactions), nearly 5 times higher in absolute figures.
 - For the category with 6 to 20 transactions, nearly 9 times higher.
 - For the category with 21 to 100 transactions, more than 9 times higher.
 - For the frequent investors (> 100 transactions), nearly 4 times higher.

7. Conclusion

- The purchase and sale of shares by individual investors increased during the period of the coronavirus crisis.
- Individual investors bought (cumulatively) 634 million euros' worth of shares more than they sold during the crisis period.
- Young investors bought relatively more shares in comparison to other age groups, but the most active investor group remained investors over 35 but under 80 years of age..
- Infrequent investors bought more shares, but the most active investors (≥ 21 transactions) continued to buy and sell the most shares.