

## **Can Retail Investors Drive up Stock Prices?**

**Vichet Sum, Leslie West and Mohammad Ali**

*Department of Business, Management and Accounting  
University of Maryland Eastern Shore, Maryland, USA*

**Abstract:** This study finds that return on the NYSE largest-cap portfolio significantly increases following the shock to the percentage change in NYSE odd lot purchase volume. Based on the analysis of monthly data from 1970M2 to 2012M12, results reveal a causal linkage between return on the NYSE largest-cap portfolio and the percentage change in NYSE odd lot purchase volume. Findings suggest that purchase trades placed by retail investors, on average, help drive up future prices of large-cap stocks.

**Keywords:** Odd Lot Purchase, Retail Investor, Trading Activity, Stock Market Return

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