



RAMADAN EFFECT ON GLOBAL STOCK MARKET

EFFICIENCY

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ABSTRACT

Holiday effect is the tendency for a stock market to gain on the final trading day before an exchange mandated long weekend or holiday such as Labor Day or New Year. The holiday effect can be beneficial for traders, who may buy a security in the days leading up to the last trading day and then sell for a higher price on the final day. Historically, stock prices have advanced disproportionately higher as a percent on pre-holiday trading days than on the other days of the year. Thus, this study conduct to test the effect of Ramadan holiday towards global stock market. This research also investigate the effect of cultural and geographic as the other variables. Plus, this study is more focused to behavioural finance perspectives. The data collected is main index for eighty-eight countries which is from five continents. The period is from 2000 until April 2017. More specifically, this quantitatives research use the cross-sectional data analysis tp examine the effect of global stock market towards Ramadan holiday.