CHINESE NEW YEAR EFFECT ON GLOBAL STOCK MARKETS

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ABSTRACT

This paper examines the Chinese New Year Effect on Global Stock Markets that consists of 88 countries from 5 different continent which are America, European, Africa, Middle East and Asia/Pacific. The time frame for the analysis is from year 2000 to 2017 with weekly data observations. A simple autoregression model is used to examine the the effect of chinese new year . In this study The model is tested using panel regression methods on different Sub-Samples which is tested by Geographic, Culture and Region. Based on geographical basis using 5 difference continents, the Chinese New Year effect are significantly pronounced in Asia/Pacific and European countries. The heterogeneity of Chinese New Year effect is examined in the context of different culture and different religion. In the cultural analysis, the findings provide support to the fact that collectivist society are effected more Chinese New Year effect. Taking into account religion context the Chinese New Year effect is more influenced stock market in the country where chinese population is higher. This research not only highlights new emerging insights on the heterogenist effect of Chinese New Year around the world but also practical implications to investors, fund managers, and regulators on how to capatilzed and manage chinese new year effect in the global equity market.

Keywords: Chinese New Year, Stock Market, Continents