



**SEASONALITY EFFECTS ON THE STOCK  
MARKETS**

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## TABLE OF CONTENTS

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>ACKNOWLEDGEMENT</b>	iv
<b>LIST OF TABLE</b>	v
<b>LIST OF TERM</b>	vi
<b>ABSTRACT</b>	vii
<b>CHAPTERS</b>	
<b>1. Introduction</b>	
1.0 Background of the Study	1
1.1 Problem Statement	3
1.2 Objective of the Study	4
1.3 Significance of the Study	4
1.4 Scope of the Study	5
1.5 Limitation of the Study	6
<b>2. Literature Review</b>	
2.0 Stock Market Seasonality: The Day Effect	8
2.1 Stock Market Seasonality: The Monthly Effect	12
2.2 Kuala Lumpur Stock Exchange	14
<b>3. Research Methodology</b>	
3.0 Data	17
3.1 Population and Sample	17
3.2 Data Analysis	19
<b>4. Finding and Analysis</b>	
4.0 Descriptive Statistic Analysis	24
<b>5. Conclusion and Recommendation</b>	
5.0 Conclusion	39
5.1 Recommendation	40
<b>REFERENCES</b>	42
<b>APPENDICES</b>	44

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## LIST OF TABLES

<b>No. of Table</b>	<b>Title of Table</b>	<b>Page</b>
<b>Table 1</b>	Result on descriptive summary of daily returns.	26
<b>Table 2</b>	Result on day-of-the-week effect.	32
<b>Table 3</b>	Result on percentage of significant level of companies by sector.	36

## **ABSTRACT**

This project paper study the existence of seasonality in Malaysia stock market. This study is attempted to identify the effects of seasonality towards mean return of stock price. This study used the data of 30 stock price of the company listed in Main Board of Kuala Lumpur Stock Exchange from January 2000 until December 2005. Using the most recent set of data, this paper employs the basic Generalized Autoregressive Conditional Heteroscedasticity (GARCH) model as introduced by Bollerslev (1986) and Taylor (1986). The GARCH model has been used to determine the mean return of the stock price for each company that has been selected.

The result from descriptive statistics analysis provides evidence to suggest the existence of seasonality in the stock markets. Overall, evidence supporting the presence of the day-of-the-week effect is documented in 24 companies. The analysis showed that the maximum mean return (positive) occurred in the day of Tuesday and lowest (negative) in the day of Monday. This study founds that returns were statistically different in day of Monday and Friday. Friday returns are more positive compared to all days.