



**JANUARY AND WEEKEND EFFECTS IN
DEVELOPED AND DEVELOPING STOCK
MARKETS**

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ABSTRACT

This study focuses on calendar effects that may influence the stock returns and they are January effect and weekend effect. The purpose of this study is to examine the possible presence of these effects in the four stock markets, comprising the developed ones such as Tokyo and New York, and from the developing markets such as Malaysia and Singapore.

This study was used the daily and monthly closing values of the Kuala Lumpur Composite Index (KLCI), Singapore Strait Times Index (STI), Nikkei 225 (N225) and New York Stock Exchange Index (NYA). The time horizon was over the 10 years period started from 2 January 1997 until 31 December 2006.

The variables included in this study consist of the January effect and the weekend effect as the independent variables, and the stock returns for each stock market were the dependent variables. The One-Sample T Test Model was applied as the data analysis method in order to examine the statistical significance of the mean returns for each stock market.

The findings in this study found that the January effect is completely disappeared in all four stock markets neither in developed nor in developing stock markets. Otherwise, the theory of weekend effect is still reliable in developing stock market which is in Malaysia and Singapore. While for Tokyo and New York, there is no weekend effect exists in both markets.