

**ARE THE INVESTORS MOONSTRUCK? MOON PHASES EFFECT ON STOCK
INDEX IN INDIA, MALAYSIA, SINGAPORE AND CHINA**

MOHD HAMIZAN BIN YABSAH

2014644474

**SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE
BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)**

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SABAH**

JUNE 2016

ACKNOWLEDGEMENT

In the name of Allah, the most gracious and merciful, all praise for His Mercy, guidance and loving care of which have been given to me so this thesis entitled “Are the Investors Moonstruck? Moon Phases Effect on Stock Index in India, Malaysia, Singapore and China” could be completed well. First of all, I would like to thank my advisor, Pn. Sarmila Udin for her great care, patience, comments and suggestions in guiding me in the process of preparing this thesis until it appeared as it should be as well as my second examiner, Dr. Rozita@Uji binti Mohammed and my research methodology lecture, Assoc. Prof. Dr. Imbarine Bujang for his efforts to provide early exposure and teaching in making thesis. My thesis would not have been possible without their helps.

I would also like to thank my parents, my siblings and my friends as well. They were always supporting me, encouraging me with their best wishes and stood by me through good and throughout the process of preparing my thesis. Last but not least, I thank an organization, Rural Capital Sdn Bhd (RCSB) for giving me the opportunity to do my practical training and it was such as great experience for me. Once again, thank you very much as my thesis would not have been possible without their helps.

TABLE OF CONTENT

TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS.....	v-vii
LIST OF FIGURES AND EQUATIONS.....	viii
LIST OF TABLES	ix-x
LIST OF ABBREVIATIONS.....	xi
ABSTRACT.....	xii

CHAPTER 1

INTRODUCTION

1.0	Introduction.....	1
1.1	Problem Statement	2
1.2	Objective of Study	2-3
1.3	Scope of Study	3
1.4	Limitation of Study.....	3-4
1.5	Significance of Study	4

CHAPTER 2

LITERATURE REVIEW

2.0	Introduction.....	5
2.1	Moon Phases	5-6
2.2	Stock Market Return.....	7-8
2.3	Human Behavioral and Mood on Lunar Phases	8-9
2.4	<i>Feng Shui</i> effect on Chinese people	9-10

2.5	Theoretical Framework.....	10
-----	----------------------------	----

CHAPTER 3

DATA METHODOLOGY

3.0	Introduction.....	11
3.1	Research Design.....	11-12
3.2	Data Collection Method.....	12
3.3	Sampling method	13
3.3.1	Based on the Chinese Population.....	13
3.4	Empirical Model	13-15
3.5	Hypothesis.....	15
3.6	Data Analysis Method.....	16
3.6.1.	Unit Root Test.....	16
3.6.2.	Diagnostic Test	16
3.7	Flow of Research Methodology.....	17

CHAPTER 4

RESULTS & FINDINGS

4.0	Introduction.....	18
4.1	Results.....	18
4.1.1	Model 1: Mean Return.....	18-20
4.1.2	Model 2: Volatility (EGARCH).....	21-28
4.1.3	Model 2: Correlation.....	29
4.2	Findings.....	29
4.2.1	Mean Return.....	29-30

ABSTRACT

This paper studies the effect of moon phases on the stock index in 4 countries which is India, Malaysia, Singapore and China. This study investigate if there is any impact of moon phases towards the stock index due to the Chinese population that live in these 3 countries which is Malaysia, Singapore and China. While India being selected as there is none Chinese people live in there. Hence, India being chooses to make comparison. On the other hand, Chinese people are belief in the *feng shui*, by looking into the Chinese Lunar Calendar. This study is to determine the different of moon phase's effect between these 4 countries towards the stock index. Sample of data consists of range of Chinese population in different countries, moon phase's calendar and the closing price. This study using time series analysis and the software used is Eviews. In order to carry out result, Single Regression was used to obtain Average Return. Meanwhile, EGARCH was used to measure to volatility of stock return. An event window is form for the measurement of moon phases.

Keywords: *Feng Shui*, Lunar/Moon Phases, Stock Market Return, China, Singapore, Malaysia, India, Chinese Population, Eviews, Single Regression, Average/Mean Return, EGARCH.