



Calender effect and Portfolio Management around the globe

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TABLE OF CONTENTS

	PAGES
TITLE PAGE	i
DECLARATION OF WORK	ii
TABLE OF CONTENTS	iii
ACKNOWLEDGEMENT	vii
ABSTRACT	x
CHAPTER 1 INTRODUCTION	1
1.0 Introduction	1
1.2 Problem Statement	4
1.3 Research Objectives	6
1.4 Scope of studies	7
1.5 Limitations of study	8
1.6 Significant of study	9
1.7 Chapter Summary	10
CHAPTER 2 LITERATURE	
2.0 Introduction	8
2.1 Theory on the Calendar Effect	12
2.1 Theory related to Calendar Effect in General	12
2.2 Empirical Evidence on Calendar Effect	11
2.2.1 Modern Finance Perspective	17
2.2.2 Behavioral Finance Perspective	17
2.2.2.1 Theoretical Underpinnings	12
2.2.2.2 Psychology and sociology of religious holidays on investor and market behaviors	22

2.2.2.3 Religion and Finance	24
2.2.2.4 Culture and Finance	25
2.3 Research Gap	27
2.4 Literature Review Matrix Table	30
2.5 Chapter summary	31
CHAPTER 3 DATA AND METHODOLOGY	
3.0 Introduction	32
3.1 Data Collection Method	32
3.2 Panel Diagnostic test	24
3.3 Model Estimation	34
3.4 Panel regression Analysis Process	36
3.5 Summary of the chapter	37
CHAPTER 4 DATA ANALYSIS	
4.0 Introduction	38
4.1 Descriptive statistic	39
4.1 Brietung Results	40
4.3 Analysis by Overall data sample	41
4.4 Analysis by Calendar sample	43
4.5 Summary of chapter	47
CHAPTER 5 DISCUSSIONS	
5.0 Introduction	48
5.1 Discussion on Major Findings	48

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ABSTRACT

This paper examines the oil shocks dynamic impacts to different industry stock returns of Bursa Malaysia, namely; Consumer product, Finance, Industrial product, Plantation, Properties, Tin and Mining, and Trade and Services. The time frame for the analysis is from year 1997 to 2015 with weekly data observations. A multifactor market model motivated from CAPM and APT theory is employed to model the multifactor determinants of industry level stock returns in Malaysia. The model is tested using time-series and panel regression methods on different industry characteristics of the sample, namely; individual industry, overall industry, oil-dependent industry, non-oil dependent industry, big market size and small market size. The result indicates that oil shocks do influence the stock returns in Malaysia but the impacts is dynamic given different characteristic of the industry. In line with the theoretical expectations, oil dependent industries are more vulnerable to oil price shocks. This research not only highlights new emerging insights on stock pricing dynamics in Malaysia but also practical implications to investors, fund managers, and regulators on how to manage oil price shocks in Malaysian equity markets.