

UNIVERSITI TEKNOLOGI MARA

**CALENDAR ANOMALIES IN
SELECTED ASIAN STOCK MARKETS**

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**BBA (Hons) Business Administration
Finance**

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STOCK MARKETS**

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Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.


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ABSTRACT

Efficient market hypothesis (EMH) states that stock price will fully reflect all the available information in the market. This implies that no investor can create abnormal profit in efficient market. However, there are several markets that do not obey the EMH which to be called, anomalies. Presence or absence of the calendar anomalies may be varied according to its market capitalization. The objective of this study is to examine the presence of day-of-the-week effect and January effect in five selected Asian stock exchanges namely Kuala Lumpur Composite Index (KLCI), Jakarta Stock Exchange (JKSE), Nikkei 225 (N225), Shanghai Stock Exchange (SSE) and Hang Seng Index (HSI) using daily and monthly closing price between 1997 and 2017. This study used dummy variable regression method to analyze the presence of calendar anomalies throughout the period. The findings suggest that there exist day-of-the-week effect and weekend effect in SSE and JKSE. More interestingly, Monday returns are strongly negative in JKSE while SSE shows positive Monday returns. Nevertheless, there is evidence on January effect in JKSE only over the study period. Result from non-parametric test shows that day-of-the-week effect and weekend effects presence in JKSE, SSE and KLCI. Meanwhile there is no evidence for January effects in five selected Asian markets. Results from non-parametric test are in line with the dummy variable regression except for KLCI and JKSE. We suggest risk taker investor to invest in short-term while risk averse invest in long-term investment.

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