



**TESTING THE WEAK-FORM MARKET EFFICIENCY:
A CASE OF FTSE100**

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ABSTRACT

The weak-form Efficient Market Hypothesis (EMH) suggests that current share prices fully incorporates historical data such as prices and any information concerned with the market. The research on weak-form market efficiency has been executed in different emerging and developed countries while applying various methods. Random Walk Model (RWM) adopts that changes in price are randomly distributed, so future price changes cannot be projected from the changes in past price. The findings were provocative that some hold the EMH, whereas others do not. Thus, a study is conducted to test on London Stock Exchange (LSE), investigating whether the market is efficient or inefficient over the time period of the research. This study aims to investigate the efficiency of the weak-form EMH on the LSE. The variable associated is FTSE100 selected from LSE towards the market efficiency. The data involved is the daily, weekly and monthly return series of the market index covering the period of five-year average, commencing January 2011 to December 2015. Descriptive Statistics, Augmented Dickey-Fuller (ADF)/ Phillip-Perron (PP) Unit Root tests, Autocorrelation test as well as Runs test were used in this study, resulting to the efficiency of the LSE.

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