

The disappearing day-of-the-week effect in Australia and New Zealand stock markets: evidence from TAR-GARCH Model

Abstract

This study examined the existence of the daily pattern of calendar anomalies and asymmetrical behavior in Australia and New Zealand stock markets over the period 2002 to 2014. This study found disappearing of day-of-the-week effect in the return of both Australia and New Zealand stock markets. By using the TAR-GARCH model, this study uncovered that there appear asymmetrical market reaction on the positive and negative news in both of the stock markets. It is believed that the consistent of these findings have useful implications for trading strategies and investment decisions. Thus, investors should use the information to avoid and reduce the risk when investing in these markets.