

## **An empirical analysis of calendar anomalies in the Malaysian stock market**

### **Abstract**

This study investigates the 'day of the week' effect and the 'twist of the Monday' effect for Kuala Lumpur Composite Index for the period May 2000 to June 2006. Our empirical results find support for the Monday effect in that Monday exhibits a negative mean return (-0.09%) and represents the lowest stock returns in a week. The returns on Wednesday are the highest in a week (0.07%), followed by returns on Friday (0.04%). Monday returns were partitioned into positive and negative returns; we found that the Monday effect is clearly visible in a 'bad news' environment, but it failed to appear in 'good news' environment. This study also found evidence on 'twist of the Monday' effect, where returns on Mondays are influenced by previous week's returns and previous Friday's returns. The median return on a Monday following a previous week and a previous Friday with declining returns was -0.21% and -0.26%, respectively. The median return on a Monday following a previous week and a previous Friday with rising returns was 0.02% and 0.13%, respectively. The evidence of negative Monday returns in this period is consistent with the relevant empirical literature. © 2010 Taylor & Francis.