

Study of Calendar Anomalies in Indian Stock Markets

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Abstract

Stock market anomalies can be broadly categorized as calendar, fundamental and technical anomalies. Calendar anomalies however are among the most discussed issues in the financial literature. This is because these anomalies are the primary contributors towards the abnormalities in the stock returns. Calendar anomalies are basically defined as an irregular pattern of stock returns which are based on a calendar year. This paper attempts to determine the existence of calendar anomalies, namely, Day of the week effect, Turn of the month effect and Month of the year effect in Indian stock market. Daily data of Sensex and Nifty for the period of 1993-2013 is analyzed using different statistical techniques. The tests indicate absence of significant day of the week effect and month of the year effect, while significant turn of the month effect is observed. There are multiple hypotheses associated with anomalies, but only turn of the month stands valid for Indian context.

Key-Words: Calendar anomalies, Day of the week effect, Turn of the month effect, Month of the year effect