

JANUARY EFFECT AND MONTHLY SEASONALITY OF EMERGING STOCK MARKETS: SOME EMPIRICAL EVIDENCE FROM SRI LANKA

W. M. Guneratne Bandara

ABSTRACT

This study has examined two well-known phenomena in financial economics known as the January effect and monthly seasonality using All Share Price Index returns of the Colombo Stock Exchange. Results of both parametric and non-parametric tests confirm the non-existence of a January effect or a monthly seasonality on the Colombo Stock Exchange. These results are consistent with the Efficient Market Hypothesis and have important implications for investors in planning their investment strategies.

Key words: Stock Markets, January Effect, Monthly Seasonality

Mr W.M.Guneratne Bandara is Senior Lecturer in Finance of the University of Sri Jayewardenepura, Sri Lanka and a PhD candidate at the Department of Econometrics and Business Statistics of Monash University, Australia.

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