

THE DAY OF THE WEEK EFFECT PATTERNS ON STOCK MARKET RETURN AND VOLATILITY: EVIDENCE FOR THE ATHENS EXCHANGE, GREECE

Published by Valuation & Research Specialists (VRS)



CONTENTS

ABSTRACT	5
INTRODUCTION	7
DATA	9
METHODOLOGY	9
EMPIRICAL RESULTS	11
CONCLUSIONS	14
APPENDIX	15
REFERENCES	19-20
NOTES	21-23
DISCLOSURE STATEMENT	24

By **Dimitris F. Kenourgios**, University of Athens, Faculty of Economics, 5 Stadiou Street, Office 215, 10562 Athens, Greece
E-mail: dkenourg@econ.uoa.gr

Aristeidis G. Samitas, University of the Aegean, Department of Business Administration, Business School, 8 Michalon Street, 82100 Chios island, Greece
E-mail: asamitas@econ.uoa.gr

Spyros Papathanasiou, Hellenic Open University, School of Social Sciences, 1 Kekropos Street, 19001 Keratea, Greece
E-mail: spyrosp71@gmail.com

Republication: Proceedings of the 2nd Applied Financial Economics (AFE) International Conference on "Financial Economics", Samos island, Greece, July 15-17, 2005

Please contact Valuation & Research Specialists (VRS) at info@valueinvest.gr to order a printed copy of this report. Price: 20 Euros including VAT and postage expenses.

ABSTRACT

This paper investigates the day of the week effect in the Athens Stock Exchange (ASE) General Index over a ten year period divided into two sub periods: 1995-2000 and 2001-2004. Five major indices are also considered: Banking, Insurance, and Miscellaneous for the first sub period, and FTSE-20 and FTSE-40 for the second sub period. Using a conditional variance framework, which extends previous work on the Greek stock market, we test for possible existence of day of the week variation in both return and volatility equations. When using the GARCH (1,1) specification only for the return equation and the Modified-GARCH (1,1) specification for both the return and volatility equations, findings indicate that the day of the week effect is present for the examined indices of the emerging ASE over the period 1995-2000. However, this stock market anomaly seems to loose its strength and significance in the ASE over the period 2001-2004, which might be due to the Greek entry to the Euro-Zone and the market upgrade to the developed.

JEL CLASSIFICATION

G10; G12; G22

KEY WORDS

Day of the week effect; mean stock returns; volatility; GARCH

DISCLOSURE STATEMENT

VALUATION & RESEARCH SPECIALISTS (VRS) is an independent firm providing advanced equity research, quality valuations and value-related advisory services to local and international business entities and / or communities. VRS services include valuations of intangible assets, business enterprises, and fixed assets. VRS's focus business is in providing independent equity research to its institutional and retail clients / subscribers.

VRS is not a brokerage firm and does not trade in securities of any kind. VRS is not an investment bank and does not act as an underwriter for any type of securities.

VRS accepts fees from the companies it covers and researches (the "covered companies"), and from major financial institutions. The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner VRS can minimize fees to its clients / subscribers and thus broaden investor's attention to the "covered companies."

VRS analysts are compensated on a per-company basis and not on the basis of their recommendations. Analysts are not allowed to solicit prospective "covered companies" for research coverage by VRS and are not allowed to accept any fees or other consideration from the companies they cover for VRS. Analysts are also not allowed to trade in the shares, warrants, convertible securities, or options of companies they cover for VRS.

Furthermore, VRS, its officers, and directors cannot trade in shares, warrants, convertible securities or options of any of the "covered companies." VRS accepts payment for research only in cash and will not accept payment in shares, warrants, convertible securities or options of "covered companies" by no means.

To ensure complete independence and editorial control over its research, VRS follows certain business practices and compliance procedures, which are also applied internationally. Among other things, fees from "covered companies" are due and payable prior to the commencement of research and, as a contractual right, VRS retains complete editorial control over the research process and the final equity analysis report.

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.