

Table of Contents

| | |
|---|----|
| Acknowledgement | 4 |
| Abstract..... | 5 |
| Chapter One: Introduction | 6 |
| 1.1 <i>Introduction to Pakistan Stock Exchange</i> | 6 |
| KSE 100 Index..... | 6 |
| KSE 30Index..... | 7 |
| KMI 30Index. | 7 |
| 1.2 <i>Introduction to the topic</i> | 7 |
| 1.3 <i>Research Questions</i> | 8 |
| 1.4 <i>Purpose of Study</i> | 8 |
| 1.5 <i>Limitations of the Study</i> | 8 |
| Chapter Two: The Literature review | 9 |
| 2.1 <i>Efficient Market</i> | 9 |
| 2.2 <i>Types of market efficiency</i> | 10 |
| Weak Form of Efficiency | 10 |
| Semi strong Form of Efficiency..... | 10 |
| Strong Form of Efficiency | 10 |
| 2.3 <i>Market Anomalies</i> | 10 |
| Calendar Anomalies..... | 11 |
| Day of the Week Effect (DOW) | 11 |
| Month of the year and January effect | 13 |
| Chapter three: Methodology | 14 |
| 3.1 <i>Theoretical Methodology</i> | 14 |
| Perspective..... | 14 |
| Scientific Approach | 14 |
| Deductive approach | 14 |
| Inductive approach..... | 14 |
| Qualitative versus Quantitative research | 15 |
| Secondary Data Collection | 15 |
| 3.2 <i>Statistical Methodology</i> | 15 |
| Hypothesis testing..... | 16 |
| Select an appropriate test statistics | 17 |
| Formulate two opposing hypothesis | 17 |
| Decision rule..... | 23 |
| Take a sample; run statistical tests and compare results with the decision rule. | 23 |

| | |
|--|----|
| Chapter Four: Data Collection | 24 |
| Chapter Five: Data Analysis and Results | 25 |
| 5.1 Day of the week Effect (DOW) | 25 |
| 5.2 Stability of Day of the week effect | 31 |
| 5.3 Month of the year effect..... | 33 |
| 5.4 Stability of means during the study periods..... | 43 |
| Chapter Six: Conclusions & Recommendations | 45 |
| 6.1 Conclusion | 45 |
| 6.2 Recommendations..... | 46 |
| Bibliography | 47 |

List Of Figures

| | |
|---|----|
| Figure 1: Average daily mean returns for DOW effect during the period 2008-2010 | 26 |
| Figure 2: Average daily returns for day of the week effect during the period 2011-2013 | 27 |
| Figure 3: Average daily returns for DOW effect during the period 2014-2016 | 28 |
| Figure 4: Average daily returns for DOW effect during the period 2008-2016 | 30 |
| Figure 5: Comparison of Mean returns for day of the week effect during the study periods | 32 |
| Figure 6: Average monthly return for month of the year effect during the period 2008-2010 | 34 |
| Figure 7: Average monthly return for month of the year effect during the period 2011-2013 | 36 |
| Figure 8: Average monthly return for month of the year effect during the period 2014-2016 | 38 |
| Figure 9: Average monthly return for month of the year effect during the period 2008-2016 | 40 |
| Figure 10: Mean returns for month of the year effect during all study periods | 43 |

List of Tables

| | |
|---|----|
| Table 1: T-test results for DOW effect during the period 2008-2010 | 26 |
| Table 2: T-test results for DOW effect during the period 2011-2013 | 28 |
| Table 3: T-test results for DOW effect during the period 2014-2016 | 29 |
| Table 4: T-test results for day of the week effect during the period 2008-2016 | 30 |
| Table 5: Comparison of Means and P-Value for DOW effect during the periods studied. | 31 |
| Table 6: T-test results for month of the year effect during the period 2008-2010 | 35 |
| Table 7: T-test results for month of the year effect during the period 2011-2013 | 37 |
| Table 8: T-test results for month of the year effect during the period 2014-2016 | 39 |
| Table 9: T-test results for month of the year effect during the period 2008-2016 | 41 |
| Table 10: Comparison of mean returns and P-value of month of the year effect for all the periods studied. | 42 |

Acknowledgement

With ALLAH, all things are possible; for He has made it possible by giving me the ability and strength to carry out this study. I say thank you Allah Almighty.

I would like to express my heartfelt gratitude towards my Parents and for not only supporting me financially but also for their unconditional love and support during all the ups and downs in my life. My other family members including my brothers and sister deserve my sincere thankfulness as well.

I would like to honestly thank my supervisor Mr. Khalid Hussain for his wonderful guidance, humble attitude, selfless time and care which made it possible for me to complete my thesis in this short period of time. I have learned many valuable things which give me a sense of confidence to launch my carrier.

Last but not the least I would sincerely like to thank my University fellows for not only assisting me with my studies but also for being a good companion throughout this period.

Abstract

This study was aimed to identify calendar anomalies on Pakistan Stock Exchange. To test for the anomalies nine years daily closing prices for KSE 30 index have been analyzed. The study is conducted in short term and long term period. It is found that in day of the week the average return for Monday is negative for all the periods studied and Monday was also found to be anomalous in behavior. January had shown positive mean returns in all of the periods. Positive April and negative December are found significant in short term periods while negative August was found significant in long term period. First and second short term periods i.e. 2008-2010 is the sub period that is not affected by day of the week effect while 2011-2013 is not found to be affected by the day of the week effect plus month of the year effect too.