

Calendar Anomalies in Islamic Frontier Markets

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Abstract : We investigate the evidence of three risk-adjusted calendar anomalies in eight frontier markets. Our sample consists of the daily closing prices of their stock indices for the period of January 2006 to September 2019. We categorize the data with respect to day-of-the-week, Lunar calendar and Islamic calendar. Using Morgan Stanley Capital International (MSCI) eight Markets Index as our proxy of the market portfolio, most of the frontier markets tested exhibit calendar seasonality. We confirm that systematic risk varies with respect to day-of-the-week, Lunar months and Islamic months. After consideration of time-varying risk and applying Bonferroni correction, few frontier markets exhibit profitable investment opportunities from calendar return anomalies for active investment managers.

Keywords : asset pricing, frontier markets, market efficiency, Islamic calendar effects, Islamic stock markets

Conference Title : ICIBFI 2021 : International Conference on Islamic Banking, Finance and Investment

Conference Location : Dubai, United Arab Emirates

Conference Dates : December 20-21, 2021