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The day of the week effect on stock market volatility

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Abstract

This study tests the presence of the day of the week effect on stock market volatility by using the S&P 500 market index during the period of January 1973 and October 1997. The findings shown that the day of the week effect is present in both volatility and return equations. While the highest and lowest returns are observed on Wednesday and Monday, the highest and the lowest volatility are observed on Friday and Wednesday, respectively. Further investigation of sub-periods reinforces our findings that the volatility pattern across the days of the week is statistically different. (JEL G10, G12, C22)

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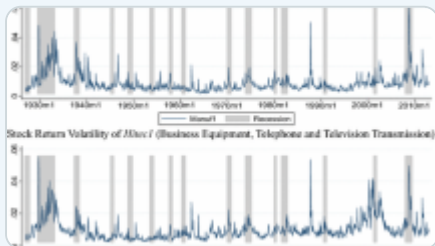
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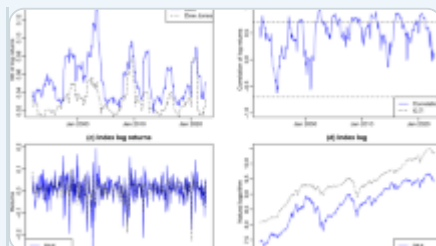
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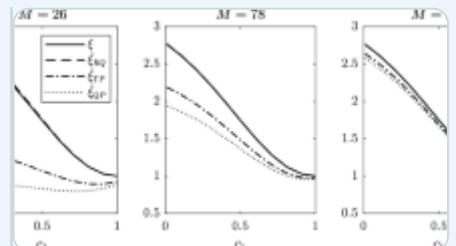
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