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'Turn-of the-month' return effects for small cap Hong Kong stocks

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Abstract

Intra-month returns for a liquid pool of small-cap stocks in Hong Kong are analysed over
the peri[...]month' effect
is appar[...]enultimate
day of b[...]s days later,
are reco[...]r the
precedin[...].3% on
avera[...]s with
Tues[...]e final week
of a mon[...]n analogue
of the U[...]day returns
toward r[...]an time
zones du[...]ing hours.

Notes

[1] See Ariel (1988, p. 111 for details). Significantly, Ariel reported larger mean returns for the first part of the calendar month for the whole 1963–1981 time frame, as well as for the 1963–1966, 1967–1971 and 1977–1981 subperiods. Returns for the nine-day period preceding the month-end run to the last but one business day of the month in Ariel.

[2] For further evidence of ‘turn-of-the-month’ effects, see Lakonishok and Smidt's analysis of US returns between 1897 and 1986.

[3] See Wong (1995, p. 288) for a summary of such results. Note that returns for the ‘first half’ of a month in Wong (1985) run from the last trading day of a month to the eighth day thereafter with returns over a preceding nine-day period capturing what Wong describes as the ‘last half’ of the month.

[4] Thanks are also due to Lilian Lam and S.L. Wong for answering various questions relating to the data.

[5] Details of the selection criteria for the Hang Seng Index are contained in a downloadable brochure under ‘Criteria’ for the HSI at http://www.hsi.com.hk/.

[6] As is apparent from the Hang Seng Composite Index Series brochure (p. 1) at ‘Criteria’ (at http://www.hsi.com.hk/).

[7] See Ha … a’ (at
http://wv …

[8] For the … or the
period fr … n to the
close of … able 2 at
levels … s, the mean
cumu …

[9] Note th … the whole
trading … m, t − 2; m,
t − 1; m, …
NONTRD … 2 to t +4·

[10] Ho (1990, pp. 62–63) reports a Hong Kong April return subordinate in size to the January return for the shorter January 1975 to November 1987 period.

[11] Rosenberg (2004), however, has recently presented evidence using US data pointing to '… an end-of-month effect distinct from … Mondays …'(p. 1). Rosenberg relates the phenomenon to business cycles.