CHAPTER 6 : SUMMARY AND CONCLUSIONS.

As seen from the conclusions deduced for developed markets i.e. New York, London, Hong Kong. Tokyo and Australia, stock markets appeared to learn from their past experiences and the growing pool of specialised funds and well-informed investors world-wide does help in arbitraging of these known market idiosyncrasies in recent years. Monday effect and January effect have disappeared from all these major developed markets except Tokyo which still exhibits Monday effect during the 1992-1996 sub-period analysis.

On the local bourse, the year-end effect has disappeared from the local scene in recent years. However, Monday effects continued to prevail on the local stock market. This daily average abnormal return ranges from 0.20 to 0.30 %. This percentage appeared small if transaction costs is taken into consideration (more than 2 % for a round turn of buy and sell transactions) and may become statistically insignificant if transactional costs are taken into consideration. Hence, this effect is not a threat to the EMH and market efficiency of the KLSE.

Hence, we can conclude that these two calendar effects would over the long run disappear from financial markets as market efficiency improves as trading volume grows; timely information dissemination

improves with advent of IT; and pools of specialised funds grows resulting in the abnormal returns being arbitraged away from the market place.