

Seasonal Behaviour in Stock Returns: Evidence from International Markets

Shipra Banik
Param Silavapulle

This paper examines the seasonal behaviour of monthly stock return series of Australia, Japan, the US, OECD countries and emerging economies. The Bealieu-Miron's (1993) and the Franses' (1991) procedures were used for testing multiple unit roots at the monthly seasonal frequencies, followed by Canova-Hansen's (1995) procedure for testing for stability of seasonal patterns. Evidence suggests that many stock return series are nonstationary at some monthly seasonal frequencies, and that the 'January effect', much studied in financial economics, is present in many stock returns. The findings have implications for efficient market hypothesis and capital asset pricing models.

Keywords: Monthly seasonality, multiple roots, stock markets

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Correspondence:

School of Business
La Trobe University
Bundoora 3083
Australia
S.Banik@latrobe.edu.au