

Impact of Lunar New Year Holiday on Stock Returns on Vietnam and Other Asian Stock Markets

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Abstract: This study investigates the impact of Lunar New Year (LNY) holiday on stock returns in Asian stock markets. Using ARMA(1,1)-GARCH(1,1) and ARMA(1,1)-GARCH(1,1)-M models to examine data from 9 countries including Vietnam, Malaysia, Hong Kong, South Korea, Japan, Taiwan, Singapore, China, and India for the period from 01/05/2005 to 02/22/2016. The findings show that there were LNY holiday effects on in five countries including Vietnam, Malaysia, Japan, Hong Kong, and Taiwan. Specifically, there were significant pre-LNY holiday effects on stock markets in Vietnam, Malaysia, and Japan, while post-LNY holiday effects on stock markets were found in Hong Kong and Taiwan. The results indicate that abnormal changes in stock returns should be explained not by increased risks but by LNY holiday effects.

Keywords: ARMA-GARCH model, Asian stock markets, Lunar New Year holiday effect.

JEL classification: G14, G15.

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