EXECUTIVE SUMMARY

The number of studies on day-of-the-week and month-of-the-year effects have been extensive. The day-of-the-week effect was detected in the majority of the markets studied, where the mean returns on Mondays are the lowest in the week. Similarly, January exhibits the highest return in the month-of-the-year effect studies. Research on such effects in the Singapore stock market has been few and there is only one study conducted on the SES All-Property Index, focusing solely on the day-of-the-week effect. In the study, the average returns for each day of the week were found to be significantly different from each other, thus providing strong evidence of seasonality.

This study presents an analysis of day-of-the-week and month-of-the-year effects on the SES All Property Index as well as five of the property stocks with a market capitalisation of over a billion dollars in 1995. They are: City Developments Ltd, DBS Land Ltd, Singapore Land Ltd, Straits Steamship Land Ltd and Centrepoint Properties Ltd. Thus far, no studies have been conducted to determine if individual property stocks which forms part of the SES All Property Index exhibit similar seasonal patterns as the index itself.

The results showed that the day-of-the-week effect is present in the SES All-Property Index. At the individual stock level, only City Development Ltd and Singapore Land Ltd document the day-of-the-week effect. The month-of-the-year effect, on the other hand, is not statistically significant for both the index and the individual stocks. The results further showed an increase in the presence of seasonality following the stock market crash in October 1987, and a decrease in the presence of seasonality from 1993 to 1995, where there was strong confidence in the property market.

The study also proposed several plausible explanations. In particular, it was suggested that the rate at which information is disseminated, degree of uncertainty and trading experience in the market could have jointly caused the presence of seasonality. Furthermore, although the results indicate some evidence of seasonality, they could not be taken as evidence of market inefficiency.