

Accepted Manuscript

On the Robustness of Week-day Effect to Error Distributional Assumption: International Evidence

Sabri Boubaker, Naceur Essaddam, Duc Khuong Nguyen, Samir Saadi

PII: S1042-4431(16)30155-X
DOI: <http://dx.doi.org/10.1016/j.intfin.2016.11.003>
Reference: INTFIN 902

To appear in: *Journal of International Financial Markets, Institutions & Money*

Received Date: 8 January 2015
Revised Date: 30 August 2016
Accepted Date: 3 November 2016

Please cite this article as: S. Boubaker, N. Essaddam, D.K. Nguyen, S. Saadi, On the Robustness of Week-day Effect to Error Distributional Assumption: International Evidence, *Journal of International Financial Markets, Institutions & Money* (2016), doi: <http://dx.doi.org/10.1016/j.intfin.2016.11.003>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



On the Robustness of Week-day Effect to Error Distributional Assumption: International Evidence

Sabri Boubaker^{a,b}, Naceur Essaddam^c, Duc Khuong Nguyen^{d,*}, Samir Saadi^e

^a Champagne School of Management, Groupe ESC Troyes, Troyes, France

^b IRG, Université Paris Est, Paris, France

^c Royal Military College of Canada, Kingston, Ontario, Canada

^d IPAG Business School, Paris, France

^e University of Ottawa, Ottawa, Ontario, Canada

Abstract

We examine the robustness of the week-day effect both in the mean and conditional volatility using 51 stock market indices while controlling for volatility clustering and allowing three specifications of the error distributions. We show that the evidence of week-day effect in mean and conditional volatility is sensitive to the choice of the underlying distribution. Our results are not limited to the classic setting of examining week-day effect but also extend to settings that account for conditional and unconditional market risk. The evidence of “wandering week-day” effect is found to vary with the error distributional assumptions. Moreover, we document that the 2008 financial crisis lessened the week-day effect in the mean but at the same time magnified such effect in the conditional volatility. Our findings, which are robust to the presence of outliers and to different model specifications and to the presence of structural breaks, suggest that empirical regularity in financial series may be econometrically fragile in the sense of Leamer (1985). It also corroborates the calls that followed the recent financial crisis about the hazard of using models that are based on unrealistic assumptions.

JEL classifications: G10, G12, C10, C22

Keywords: Error Distributional Assumptions; Week-day effect; Wandering week-day effect; Volatility; GARCH.

* Corresponding author: 184 Boulevard Saint-Germain, 75006 Paris, France. Phone: +33 (0)1 53 63 36 00 - Fax: +33 (0)1 45 44 40 46

Email addresses: S. Boubaker (sabri.boubaker@get-mail.fr), N. Essaddam (essaddam-n@rmc.ca), D.K. Nguyen (duc.nguyen@ipag.fr), S. Saadi (samir.saadi@telfer.uottawa.ca)

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات