ABSTRACT

This study aims to examine the presence of Monday Effect in Indonesian Stock Exchange before and during Covid-19 pandemic based on return, transaction volume, and trading pattern. This study uses trading day and trading hour as an independent variable and daily return, daily total transaction volume, and return 30-minutes intervals within a day as a proxy for daily investor trading pattern as a dependent variable.

The data used in this study is Indonesian Stock Exchange Composite Index from 1 July 2017 to 30 November 2022 which was obtained from Bloomberg Terminal Database. The analytical method used in this research is one-way ANOVA for daily return and total transaction volume and two-way ANOVA for daily trading pattern.

The result of this study demonstrated that day of week was not a factor in terms of daily return and daily total transaction volume before and during the pandemic. Moreover, there is no Monday effect on daily investor trading pattern before the pandemic, but there are statistically positive significant differences on trading hour, especially in the first half hour of market opening and last half hour of closing market which caused time of day effect to occur. During the pandemic, the Monday effect on daily investor trading pattern was not present and there is no statistically significant difference on trading hour. However, after the change in trading hour period, the Monday effect and time of day effect was found on daily investor trading pattern. Investors tends to sell their stock in the first half hour of market opening on Monday while tends to buy in the first half hour of market opening on Tuesday until Friday. Moreover, there are positive significant difference between the first half hour of market opening and the rest of the trading hour on Tuesday until Friday, which caused time of day to occur. The most probable reason for this behavior is because after the change in trading hour period, investors using weekend to process difficult trading decisions.

Keywords: *Monday effect, Anomalies, trading pattern, return, transaction volume; 30-minutes interval*