MONDAY EFFECT AND WEEKEND EFFECT: STOCK RETURN ANALYSIS AT INDONESIA STOCK EXCHANGE

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ABSTRACT

This study discusses of the analysis return stock using the Monday effect and Weekend effect on the Indonesia Stock Exchange in the LQ45 period February 2017 - January 2018. Data collection methods used are purposive aside, the data analysis technique used is the normality test, the heterocedacity test, and the autocorrelation test, and using a partial test with SPSS software. The results of this study indicate that there is an effect of the Monday Effect and Weekend Effect on returns LQ45 daily stock on the Indonesia Stock Exchange, where the return lowest occurs on Monday (Monday effect) and the return highest on Friday (weekend effect), in addition there return is the lowest concentrated in the last two weeks of each month (fourth and fifth week) or also called week four effect.

Keywords: Weekend Effect, Monday Effect, Indonesian Stock Exchange, LQ45

INTRODUCTION

Research conducted by Lakonishok & Maberly (1990) found that the rate of return on Monday was negative because investors increased transactions by selling shares on Monday, because on 5 Friday investors do not have time to make sales transactions. Monday's negative rate of return was stated by Damodaran (1989) because the issuer's company announced bad news near the close of Friday, resulting in a negative rate of return on Monday.

The tendency for returns negative On Monday is more determined by psychological factors, where these factors cause the behavior of less rational and economic decisions will be more influenced by emotional factors, psychological behavior, and mood investors'. The tendency for irrational behavior on Monday makes the return average Monday negative (Gibbons and Hess, 1981; Dubois & Louvet, 1996).

Based on the data in Table 1, there are differences in returns stock every day or known as day of the week. Rita (2009) found a significant influence between the average returns for 5 trading days on the stock exchange. Also found Monday effect, which is the average return of the day Monday, is negative and the lowest compared to other days.

The LQ45 index (daily data) increased by 0.020697 on August 5, 2010. While the Composite Stock Price Index (CSPI) also experienced an increase of 0.020935 which fell on the same date.

To predict returns stock, many factors can be used as parameters, one of which is financial statements. Investors need information on financial statements to find out the risks that will be faced in the investment, the return that will be obtained from the investment, and investors also know when to buy or sell shares. Indirectly through this information will affect stock trading every day and returns stockevery day, so the returns obtained by investors will be in accordance with the information received by investors.

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Table 1
AVERAGE RETURNS LQ-45 STOCK

Trading Days	Description	
	Number of Days	Average
	Trading	Returns
Monday	50 times	-0.325%
Tuesday	52 times	0.3%
Wednesday	50 times	0.45%
Thursday	50 times	-0.265%
Friday	48 times	0.03%

According to efficient market theory, returns daily stock end to have the same magnitude every day for five trading days, but the theory is contrary to the phenomenon of day of the week effect. Day of the week effect is a phenomenon is an anomalous form of efficient capital market theory. According to this phenomenon, the return is average daily not the same for all days in one trading week. Anomalies are events or events that are not anticipated and that offer investors the opportunity to obtain abnormal returns (Tandelilin & Algifari, 1999). Anomaly appears in the form of market efficiency, both weak, semi-strong, and strong. That is, empirical evidence of anomalies in the capital market appears in all forms of efficient markets, although most are found in semi-strong efficient forms (semi strong) (Gumanti & Utami, 2002).

Variations of the phenomenon of day of the week effect are monday effect and weekend effect. Many researches outside and within the country are states that there are differences in returns stock due to the influence of trading days. The Monday effect states that there is return a negative stock on Monday, while the weekend effect states that a return positive occurs on Friday (Mulyadi and Anwar, 2009). The phenomenon of Monday effect and weekend effect is more determined by psychological factors which causes less rational behavior and economic decisions will be more influenced by emotional factors, psychological behavior, andmoodinvestor's (Gibbons and Hess in Wibowo, 2004).

Based on the background explanation above, this study is a further study of the phenomenon of day of the week effect on stock trading on the Indonesia Stock Exchange.

Research Objectives

Based on the above phenomenon, the authors are interested in researching about:

- How is the monday effect on returns stock?
- How is effect of the weekend effect on returns stock?
- Is the return lowest (negative) stock on Monday in LQ45 shares on the Indonesia Stock Exchange concentrated on the fourth and fifth Monday of each month?

LITERATURE REVIEW

Monday Effect

Monday effect is one part of the day of the week effect, which is an seasonal anomalies or calendar effect that occurs on the market financial when returns stock are significantly negative on Monday (Mehdian and Perry in Budileksmana, 2005). The anomaly violates the hypothesis regarding weak form market efficiency. The weak market efficiency hypothesis assumes that information contained in historical stock prices is fully depicted in current stock prices and that information cannot be used to obtain excess returns (Elton & Gruber, 2005).

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To test the hypotheses of weak market efficiency, a certain model can be used random walk. The model random walk assumes that returns are independent and returns are randomly distributed over time, so returns in the past are not related to returns for future period. Because the return is random then return to the past cannot be used to predict returns for the future and return cannot be predicted based on the effect of a particular calendar.

The model research random walk on the Monday effect was first carried out by Fields (1931) which was then continued by French (1980); Lakonishok & Maberly (2005) which proved that returns on Monday are different from returns on other days. With seasonal anomalies (calendar anomalies) or calendar effects on the financial markets, this causes returns on Monday to be predictable, so finally a market guideline can be designed that can use the seasonal patterns to get abnormal returns. Whereas in an efficient market, there should not appear a pattern of price movements that are constant and can be used to get an abnormal return.

Weekend Effect

Weekend effect is an effect of the end of Sunday resulting in a symptom which indicates that returns stock on Friday will be higher than other trading days, on the contrary Monday will show return a lower (Tandelilin, 2001).

Weekend effect is a phenomenon in financial markets where stock returns on Monday are often significantly lower than on the previous Friday. Several theories explain the effect of the tendency for companies to release bad news on Friday after the market close to stock prices depressed Monday. Based on literature studies from several financial journals, it was found that several researchers have tried to build a theoretical framework that can explain the factors causing the weekend effect.

Day of the Week Effect

Day of the week effect is the difference in return between days Monday with other days of the week significantly (Damodaran, 1996). Usually return a significant negative occurs on Monday, while a return positive occurs on other days. The effect of trading days on returns stockis an interesting phenomenon to consider. This phenomenon is part of the anomaly of efficient market theory. The efficient market theory states that returns are stockno different on each trading day. However, the phenomenon of day of the week effect states that there are differences in returns for each trading day in one week which on Monday tends to produce return a negative.

In some capital markets there is a tendency for the return to lowest occur on Monday and then to increase on other days. Other empirical evidence proves that there is a pattern of daily trading activities on the NYSE conducted by individual investors, where the results are obtained that returns stock on Monday tend to be negative compared to other trading days. In line with these results, (Kamaludin, 2006) found the day of the week effect on the Jakarta Stock Exchange for the period 1999-2003 where the return lowest occurred on Monday and the return highest was on Friday.

Index Liquid 45

The Indonesian capital market is still classified as a thin market, which is a capital market where most securities are less actively traded. The Composite Stock Price Index (CSPI) which covers all listed shares (most of which are less actively traded) is considered inappropriate as an indicator of capital market activity. Therefore, on February 24, 1997 another alternative index was introduced, which is the LQ 45.

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The LQ 45 index is a stock index of 45 shares of public companies that can be traded on the Indonesia Stock Exchange (IDX). This index includes the 45 most liquid stocks, (has a high level of trading transactions) and has a large market capitalization value, and since July 13, 1994. This index is determined to have an index value calculation of 100 as a base value. The LQ 45 index will be adjusted to the liquidity of each company's shares every 6 months, so this index will renew its stock list in accordance with the conditions of the shares in the period. This index is published to make it easier for investors to find out which stocks have the potential for the public to invest their capital.

Usually return a significant negative occurs on Monday, while a return positive occurs on other days. The effect of trading days on returns stock is an interesting phenomenon to consider. This phenomenon is part of the anomaly of efficient market theory. The efficient market theory states that returns are stock no different on each trading day. However, the phenomenon of day of the week effect, states that there are differences in returns for each trading day in one week. Where on Monday tends to produce return a negative.

Monday effect is one part of the day of the week effect, which is an anomalies (anomaly) or calendar effect that occurs on the market financial , when the returns stock are significantly negative on Monday (Mehdian & Perry, 2005). The anomaly violates the hypothesis regarding weak form market efficiency. The weak market efficiency hypothesis assumes that information contained in historical stock prices is fully depicted in current stock prices and that information cannot be used to obtain excess returns (Elton & Gruber, 2005).
Effect of the weekend resulting in a symptom which indicates that returns stock on Friday will be higher than other trading days, on the contrary Monday will show return a lower (Tandelilin, 2001).

Hypothesis

H_1: There is influences of the Monday effect on returns stock daily LQ 45 in Indonesia Stock Exchange
H_2: There is influence of the Weekend effect on returns stock daily LQ 45 in Indonesia Stock Exchange
H_3: Return the lowest (negative) on Monday on the Stock Exchange concentrated on the last two weeks Monday (the fourth and fifth week) every month.

METHODOLOGY

The object of research is an attribute or nature or value of people, objects, or activities that have certain variations determined by researchers to be studied and then drawn conclusions (Sugiyono, 2012). The object of this research is returns stock, where this researcher will examine returns stock using the approaches Monday effect and weekend effect on LQ 45 companies listed on the Indonesia Stock Exchange from February 2017-January 2018.

Data

Sources used to obtain data, between other: Company data included in the LQ 45 index and the closing price of the company's daily shares included in the LQ 45 index during the February 2017-January 2018 period on the Indonesia Stock Exchange. Books, journals and websites related to this research.

Population

Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics that are applied by researchers to be studied and then drawn conclusions (Sugiyono, 2011). The population in this study is the companies included in LQ 45 on the Indonesia Stock Exchange in the period February 2017-January 2018.

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Samples

Samples are part or the number and characteristics of these populations. If the population is large, and researchers may not study everything in the population, for example due to limited funds, energy and time, then researchers will take samples from that population. What is learned from the sample, the conclusion will be applied to the population. For this reason, samples taken from the population must be truly representative (Sugiyono, 2011). The sample chosen by the author uses a purposive sampling method where there are criteria in the sample limitation. Ie as many as 42 companies.

Table 2
RESEARCH SAMPLE DATA

No.	Issuer Name LQ45	Stock Code
1	PT Astra Agro Lestari Tbk	AALI
2	PT Adhi Karya (Persero) Tbk	ADHI
3	PT Adaro Energy Tbk	ADRO
4	PT AKR Corporindo	AKRA
5	PT Aneka Tambang (Persero) Tbk	ANTM
6	PT Astra International Tbk	ASII
7	PT Bank Central Asia Tbk	BBCA
8	PT Bank Negara Indonesia Tbk	BBNI
9	PT Bank Rakyat Indonesia Tbk	BBRI
10	PT Bank Tabungan Negara Tbk	BBTN
11	PT Bank Mandiri Tbk	BMRI
12	PT Bumi Serpong Damai Tbk	BSDE
13	PT Bumi Resources Tbk	BUMI
14	PT XL Axiata Tbk	EXCL
15	PT Gudang Garam Tbk	GGRM
16	PT HM Sampoerna Tbk	HSMP
17	PT Indofood CBP Sukses Makmur Tbk	ICBP
18	PT Vale Indonesia Tbk	INCO
19	PT Indofood Sukses Makmur Tbk	INDF
20	PT Indocement Tunggal Prakarsa Tbk	INTP
21	PT Jasa Marga Tbk	JSMR
22	PT Kalbe Farma Tbk	KLBF
23	PT Lippo Karawaci Tbk	LPKR
24	PT Matahari Department Store Tbk	LPPF
25	PT PP London Sumatra Indonesia Tbk	LSIP
26	PT Media Nusantara Citra Tbk	MNCN
27	PT Hanson International Tbk	MYRX
28	PT Perusahaan Gas Negara Tbk	PGAS
29	PT PP Properti Tbk	PPRO
30	PT Tambang Batubara Bukit Asam Tbk	PTBA
31	PT PP (Persero) Tbk	PTPP
32	PT Pakuwon Jati Tbk	PWON
33	PT Surya Citra Media Tbk	SCMA
34	PT Semen Indonesia (Persero) Tbk	SMGR
35	PT Summarecon Agung Tbk	SMRA
36	PT Sri Rejeki Isman Tbk	SRIL
37	PT Sawit Sumbermas Sarana Tbk	SSMS
38	PT Telekomunikasi Indonesia Tbk	TLKM
39	PT United Tractors Tbk	UNTR
40	PT Unilever Indonesia Tbk	UNVR
41	PT Wijaya Karya (Persero) Tbk	WIKA
42	PT Waskita Karya (Persero) Tbk	WSKT

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Conditions Return LQ45 Stock February 2017 - January 2018

In capital market theory, the rate of return received by an investor from shares traded on the capital market (company shares go public) is commonly termed return. In the stock market does not always promise a return definite for investors. But some components of returns stock that allow investors to profit are dividends and capital gains.

Dividend is a portion of company profits distributed by companies to shareholders. Not all profits are distributed to shareholders because they are used for corporate investment purposes. Some companies routinely provide dividends every year, but there are some companies that do not provide dividends. The first reason the company does not provide dividends is because the company did not make enough profit or even lost money. There are also companies that have never paid dividends, but their share prices continue to rise (Tjiptono, 2001).

The phenomenon that occurs in week four effect is where the Monday effect that occurs is only concentrated in the fourth and fifth week of each month. While returns Monday in the first week to the third week are considered not significantly negative or equal to zero. This means that return the largest negative Monday occurs in the fourth week. In Werastuti (2012); Abraham & Ikenberry (1994) suggest that the overall average Monday return is negative and substantially a consequence of the information announced in the previous trading session. Selling pressure from individual investors on Monday is substantially higher if it is preceded by a return negative that occurs on Friday. This shows that there is a correlation between returns Friday and Monday.

Analysis Return Stock Using the Approach of the Monday Effect

World of stock investment, investors will pay attention to market timing which explains when the right time to be inside and outside the market or can be interpreted when the right time to buy assets and the right time also to sell assets. Determination of prices and favorable times to get returns and minimize risk can be traced by looking at market timing the right.

This is in sharp contrast to the efficient market hypothesis according to Fama (1970) which shows a situation where at a certain time the price will reflect all the information available in a particular stock market, thus, based on the efficient market hypothesis, investors should not be able to obtain profits above the average (abnormal return) in predicting the rate of return of a stock.

However, on the other hand according to various previous studies found various violations of the market efficiency hypothesis in the real investment world or also called an anomaly. In research in various countries, there are many seasonal anomalies (anomalies) or calendar effects (financial effects) on the financial markets, with the anomalies appear an assumption that return the resulting can be predicted based on the influence of certain calendars (Budileksmana, 2005).

One anomaly contained in the stock market is the Monday effect phenomenon, which is a phenomenon where returns stock on Monday are significantly lower than returns on other days of the week or experience returns significant negative. So there is an assumption that if the return on a Monday can be predicted, it will be designed a guideline that can take advantage of the seasonal pattern to obtain abnormal return, which is the difference between return which hope with return obtained. Meanwhile, there should not be a pattern of price movements that are constant and can be utilized to obtain abnormal returns in an efficient market.

This research on Monday effect was first carried out by Fields in 1931 who suspected that investors risk-averse tended to close their positions in the stock market on Friday afternoons and reopen them on Sunday mornings (Jones-Shemesh, 2009). Cross, Keim-

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Stambaugh, and Jaffe-Westerfield in 1989 and Abraham and Ikenberry in 1994 suggested that there was a negative effect on returns stock on an average Monday, and the situation was positively correlated with the state of return on the previous Friday (Budileksmana , 2005). Sun and Tong's research in 2002 proved that the Monday effect on the US market was concentrated on the last two Mondays of each month (Budileksmana, 2005).

According to Cahyaningdyah (2010) Monday effect is return a significantly negative stock on Monday. The existence of bad news on Friday evening is a factor for investors to sell their shares to reduce the panic to investors, which is in a negative reaction by the market resulting in declining stock prices on Monday. According to Algifari (1999) in research Werastuti's (2012) that investors make investment decisions not only through consideration of economic rationality and objective data, but are also influenced by several conditions such as habits, emotions, certain psychological conditions, and the mood of each investor.

Differences in the characteristics of information entering the market and psychological investors from one trading day to another will affect the behavior of investors on that trading day. This investor behavior will color their stock trading activities in the capital market. Share trading activities, among others, can be reflected through trading volume. The results of previous studies indicate that these trading activity indicators significantly influence returns stock none the capital market. Along with changes in investor behavior in conducting activities on the exchange from day to day, then the behavior will affect the patterns return daily stock.

Table 3
MONDAY EFFECT

	N	Mean	Minimum	Maximum
Monday	50,	000 314	-,	0198,0183
Tuesday	52,	000 796	-,	0154,0214
Wednesday	52,	000 921	-,	0172,0198
Thursday	50,	000 816	-,	0167,0266
Friday	51,	001 082	-,	0143,0157
Total	255,	000 788	-,	0198,0266

It can be seen from table 4.2 returns Monday had an average value of 0.000314 smaller than other days. Due to the fact that psychological factors are different every day, they also influence the degree of optimism and pessimism every day. For example, Monday is the beginning of people doing routine activities for one week so people tend to be less happy. As a result on Monday people feel more pessimistic about the shares they hold than any other day the return negative that occurs on Monday because of the attitude of dislike toward Monday.

Analysis Return Stock Using the Approach Weekend Effect

Many studies have concluded that returns daily stock on capital markets in several developed countries such as the United States, United Kingdom and Japan show a significant weekend effect on returns stock. Weekend effect (translated into the effect of the end of Sunday) is a symptom that shows that the returns stock on Friday will be higher or positive than other trading days, on the contrary Monday the returns stock will be lower or negative (Tandelilin, 2001).

Weekend effect is a phenomenon in the financial markets where stock returns on Monday are lower compared to Friday. Several theories explain the effect of the tendency for companies to release bad news on Friday after the market close to stock prices depressed Monday (Table 4).

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Table 4 WEEKEND EFFECT				
	N	**Mean**	**Minimum**	**Maximum**
Monday	50,	000 314	-,	0198,0183
Tuesday	52,	000 796	-,	0154,0214
Wednesday	52,	000 921	-,	0172,0198
Thursday	50,	000 816	-,	0167,0266
Friday	51,	001 082	-,	0143,0157
Total	255	, 000788	-, 0198	, 0266

Friday increased by 0.001082, this is due to profit-taking investors for a weekend vacation. Profit taking is a term for investors to sell shares when the price of shares has increased consecutively, the purpose of which is to realize capital gains. But it is not in line with Mr. Yoyok Prasetyo.

Partial Test (t test) Monday Effect and Weekend Effect

Partial test is conducted to determine the effect of each independent variable (trading day) on the dependent variable (return). Partial test is done by t test. The results of the t test can be seen in table 5 below:

Table 5 PARTIAL TEST OF THE MONDAY EFFECT AND WEEKEND EFFECT						
Model		**Coeficient**		**Standardized Coefficients**	**T**	**Sig.**
		B	**Std. Error**	**Beta**		
1		0.000	0.000	0.758	0.448	(Constant)
	MONDAY	-0.002	0.001	-0.038	-3047	0.002
	TUESDAY	-0.001	0.001	-0.026	-2045	0.041
	WEDNESDAY	0.036	0.001	0.002	2,900	0.004
	FRIDAY	-0.002	0.001	-0.034	-2.722	0.006

Based on Table 4, the regression equation is obtained as follows:
$Rt = -0.002\ SEN - 0.001\ CELL + 0.002RAB - 0.002\ JUM + e_t$

From The regression equation above can be interpreted as follows:

- B value for Monday variable of -0.002 means, Monday the return will decrease by 0.2% compared to other days.
- B value for Tuesday variable of -0,001 means that on Tuesday the return will decrease by 0.1% compared to other days.
- B value for Wednesday variable of 0.002 means, Wednesday return will increase by 0.2% compared to other days.
- B value for Friday variable of -0.002 means, Friday return will decrease by 0.2%.

Mahdi (2005); Masitoh (2013), found that the phenomenon was week four effect found on the Jakarta Stock Exchange in 2005, where returns significant negative occurred on the fourth and fifth week of Monday at the end of each month. Suryaningsih (2010); Ambarwati (2007); Satoto (2011) found that the week four effect was not identified. This indicates that liquidity demands do not affect trading activities. Where is found the average return on Monday at the beginning of the positive month. Partial test results (t test) can be seen in the below (table 6):

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Table 6
TEST WEEK EFFECT

Model		Unstandardized Coefficient B	Unstandardized Coefficient Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	3.767E-5	0.000		0.152	0.879
	SEN123	-0.001	0.001	-0.023	-2261	0.024
	SEN45	-0.002	0.001	-0.027	-2693	0.007

$Rt = -0{,}001\ SEN123 - 0{,}002\ SEN45 + e\text{-}0.001_t$

From the regression equation above, it can be interpreted as follows:

The value of B for the variables Monday the first, second and third weeks is means, the return on the first, second and third Monday will decrease by 0, 1% compared to other Monday days. A value of B for the fourth and fifth Monday variables of -0.002 means, Tuesday the return will decrease by 0.2% compared to Monday of the other week.

Financial Analysis

The results of the analysis of one sample t test can be concluded that there is a significant difference between the returns company's daily stock that enter the LQ-45 on trading days of the week on the Indonesia Stock Exchange. This research is in line with the research of Sularso (2011); Kurniawan (2012) who found that there were significant differences between the returns company's daily stock that entered into LQ 45 on trading days of the week on the Indonesia Stock Exchange.

Based on the test results of independent sample t-test can be seen that significant differences between returns stock Monday with returns stock Friday. This shows that returns stock on Mondays is negative or a decline in the stock price on Monday. A return negative at the beginning of the week results in a Monday effect, ie returns at the beginning of the week (Monday) tend to be negative compared to returns on other trading days.

The reason for this is the mood investor after the holiday weekend which has led to a lack of enthusiasm in the capital market and a lack of investor desire to invest. This can result in a low exchange performance. The low returns stock can also be caused due to corporate issuers typically delayed the announcement of bad news (bad news) until Friday, and responded by the market on Monday. This decline in stock prices results in a value return negative. The discovery of the phenomenon Monday effect is in line with research Cahyaningdyah (2005); Iramani (2006); Ambarwati (2009) who found that where the return lowest occurred on Monday (Monday effect).

Based on the results of test calculations independent sample t-test can be seen that the presence of the difference between returns stock Friday with returns stock Monday. Average returns positive stock on Friday are greater than Monday. This shows returns Friday's stock have increased. The cause is because investors move aggressively in the transaction after obtaining information from previous days. Another factor is due to investors who tend to take profit taking to face the holidays, thus resulting stock prices go up. This increase in stock prices results in a value return positive.

CONCLUSION

Based on the results of the analysis that has been done, it can be concluded

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There is an effect of the Monday effect and Weekend Effect on the return LQ 45 daily stock on the IDX, where the returns lowest and significant negative occur on Monday (Monday Effect).

There return is the lowest stock (negative) on Monday concentrated on Monday the last two weeks of each month (fourth and fifth week) or also called Week Four Effect.

Suggestions

Some things suggested by researchers for further researchers, which are: We recommend that for future research, researchers must pay attention to the conditions of the research period. Choose a period of research in which the economy is stable and there are no issues that make the value of stock prices extreme, so that it can provide more accurate results.We recommend that for further research examine the things that cause the Monday Effect and day of the week Four effects.

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