Wanjare, J., Oriku, N., Ooko, J., & Oluoch, M. (2017), Turn of the Calendar Effect on Stock Returns of Firms Listed at Nairobi Securities Exchange. *International Journal of Social Science and Economic Research*, ISSN 2455-8834, Vol 2, 2907 - 2951

Abstract:

In today's economy, studying and analysis the market is one of the most important resources in management of the organization. In the efficient market hypothesis, stock prices show all the market information in the form of past, publicly held or private information. Normal profits are usually expected to be made only when earning a normal return on your investments. The occurrence of fluctuations of stock returns affects the efficient market. These differences are referred to as anomalies. These anomalies could be a one off occurrence or a repeated. They are three types of anomalies namely fundamental, technical and calendar anomalies.

This paper tests the Kenyan economy on stock returns to determine out the turn of the calendar effects on stock returns. This return help us to calculate regression analysis of stock returns from 2/1/2011 to 31/12/2015 This study was focused on determining out turn of the calendar effect on stock returns for firms listed at the Nairobi Securities exchange. The study focused an events study approach. This study involves a population of all firms listed at the NSE. The researcher used secondary data for obtaining necessary information for the study. Using a data collection sheet, the monthly stock prices, that is opening and closing index values was collected from the monthly price list compiled by the NSE. The study made use of SPSS in analyzing data. The researcher used quantitative method to analyze data. Index returns and the calendar period was tested to test whether there was a significant differences in the mean and abnormal returns using the T test. Findings showed that the existence of the turn-of-the-calendar anomaly varies between periods and study windows with the 5 years turn-of-the-calendar window showing the most significant results. The study recommends that investors study the market to establish the market trends and develop portfolios that will maximize returns considering stock returns are influenced by factors influencing the market like systematic risk factors which may lead to poor performance of some stocks.

Keywords: Kenyan economy, stock returns, calendar effects, NSE