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TESTING MARKET ANOMALIES ON ABNORMAL RETURNS AND TRADING VOLUME ACTIVITY FOR LQ45 INDEX

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Abstract

Market anomalies are unanticipated events that provide investors with opportunities to achieve abnormal returns. The January Effect and Monday Effect are two seasonal anomalies often exploited by investors to gain abnormal returns in the capital market. This study aims to investigate the impact of the January Effect and the Monday Effect on abnormal returns and trading volumes on Mondays and in the months before and after January for LQ45 stocks on the Indonesia Stock Exchange (IDX) from 2019 to 2023. The study population consists of 63 issuers, with a sample of 25 selected through purposive sampling. The analysis uses the Paired Sample T-test, Wilcoxon Signed Rank Test, and One-Sample Test processed with SPSS software.The analysis reveals that the January Effect causes abnormal returns in 2019, 2020, and 2021, but not in 2022 and 2023. Trading volume showed no significant differences during the observation period. For the Monday Effect, significant average abnormal returns are observed on Mondays in 2020, 2021, and 2023, but not in 2019 and 2022. Trading volume on Mondays also shows significant differences across the observation period. These findings suggest that investors should consider market anomalies when making investment decisions.

Keywords: Abnormal return; January effect; Monday effect; Trading Volume Activity.

INTRODUCTION

UU RI No.8 Tahun 1995 states that the capital market plays a significant role in economic development by providing guidelines for business operators and investment opportunities for the public. The Indonesian capital market began to grow following the October 1988 deregulation package issued by the government, which successfully attracted public interest (Wulandari, 2022). The capital market serves two main functions: first, as a venue for investment to enhance the value of investments by channeling funds into productive sectors; and second, as a medium for the public to invest in financial instruments such as stocks, bonds, and mutual funds, enabling them to allocate funds based on the characteristics of each instrument's return and risk .

Financial instruments traded in the capital market are long-term investments, including stocks, bonds, warrants, rights, mutual funds, and derivatives such as options and futures. Stocks are among the most popular financial instruments, offering

investors the potential for dividends and capital gains. Companies issue stocks as a funding option, and investors buy stocks for the potential returns of dividends and capital gains (Jogiyanto, 2017).

Dividends are profit distributions from companies approved by shareholders at the General Meeting of Shareholders (GMS), while capital gains are the differences between the buying and selling prices of stocks. Investors often engage in trading activities to achieve capital gains, and high returns require effective market information utilization (Jogiyanto, 2017).

Market efficiency is assessed by the ability of a market to reflect information into stock prices. Fama (1991) categorizes market efficiency into three forms: 1) Weak form efficiency, where past stock prices reflect all historical information, making it impossible to gain abnormal returns from past price trends; 2) Semi-strong form efficiency, where stock prices reflect all publicly available information, preventing abnormal returns from public information; and 3) Strong form efficiency, where stock prices reflect all information, including private information, thus preventing abnormal returns from private knowledge (Fama, 1991 in Vijaya, 2018).

Contrary to the efficient market hypothesis, information asymmetry among investors leads to market anomalies. Information asymmetry occurs when market participants have unequal access to information, affecting firm valuation and leading to practices like earnings management (Jogiyanto, 2017). Numerous studies have identified anomalies in the stock market due to information asymmetry, including the January Effect and the Monday Effect (Saofiah et al., 2019).

The January Effect is a seasonal anomaly where stock returns increase in January following end-of-year tax-loss selling (Yunita & Rahyuda, 2019). This phenomenon was first documented in the US stock market by Sidney B. Wachtel in 1942 and describes the tendency for stock prices to rise in the first week of January (Audina & Laturette, 2017). Factors contributing to the January Effect include Window Dressing, Tax-Loss Selling, and Small Stock's Beta (Yunita & Rahyuda, 2019). Research on the January Effect has produced mixed results, with some studies confirming its presence and others refuting it Indrayani, (2019); Girardin & Salimi (2019); Yunita & Rahyuda (2019); Wiksuana et al. (2021).

The Monday Effect refers to the tendency for stock returns to be lower on Mondays due to investor psychology after the weekend (Hakiman, 2021). This phenomenon is part of the Day of the Week Effect, where studies have shown that Monday often has the lowest returns compared to other weekdays (Girardin & Salimi, 2019). While some research confirms the Monday Effect in the Indonesian Stock Exchange, other studies suggest that it does not always occur Bachtiar (2009); Azmi & Hasmita (2016); Miss et al. (2020); Sagai (2022); Jumintang & Utami (2022).

An announcement containing new information triggers market reactions, which can be measured through abnormal returns. Abnormal returns represent the

difference between actual and expected returns (Jogiyanto, 2017). Investors act on new information to achieve abnormal returns, making understanding phenomena like the January Effect and Monday Effect crucial for market strategies.

Trading Volumeis another indicator of market anomalies, as it reflects changes in supply and demand due to new information (Subhan et al., 2016). In Indonesia, several stock indices, including the LQ45 Index, are used to gauge market health and provide a basis for statistical analysis (Herlies & Nazar, 2021). The LQ45 Index includes 45 stocks with high financial strength, growth prospects, trading volume, and market capitalization, making it a sensitive indicator for market information (Jogiyanto, 2017).

Despite the potential of market anomalies for investment decisions, there are no guarantees that these anomalies will always result in profitable strategies. Economic conditions and investor psychology also influence financial decisions. The inconsistent findings on the January Effect and Monday Effect highlight the need for further research in the Indonesian capital market, particularly for LQ45 Index stocks. Thus, the proposed research aims to investigate the differences in abnormal returns and trading volumes due to the January Effect and Monday Effect on LQ45 Index stocks from 2019 to 2023. The fluctuating nature of stock prices and trading volumes necessitates this study to understand these anomalies better (Herlies & Nazar, 2021).

RESEARCH METHOD

This type research is descriptive research with a quantitive approach. The data source used in this research is secondary data obtained through the daily stock data report of Indeks LQ45 on the Indonesia Stock Exchange for the period to 2019 to 2023 by accessing the internet site www.idx.com and YahooFinance.com. In this research, researchers used purposive sampling technique which used selecting samples based on specific criteria: companies listed on the LQ45 Index for the entire period from January 2019 to December 2023. The data collection technique in this research is documentation technique because it is caried out by analyzing secondary data based on the daily stock report of Indeks LQ45. This research uses a three metods, namely The Paired Sample T-test and Wilcoxon Signed Rank Test for January effect and One Sample Test for Monday effect which will then carry out a comparative analysis of the calculation results.

RESULT AND DISCUSSION

Normality Test

The One Sample Kolmogorov-Smirnov test uses residual values based on the average regression calculations of the obtained variables. According to Sugiyono (2016), the decision-making criteria are determined based on the Asymptotic Significance (Asymp. Sig.) value: if the Asymptotic Significance is greater than 0.05, it means the data is normally distributed. However, if the Asymptotic Significance is less

than 0.05, it means the data is not normally distributed. The following are the results of the normality test for the research variables.

Table 1. Kolmogorov Smirnov Average Abnormal Return For January effect Test Results 2019 – 2023

One-Sample Kolmogorov-Smirnov Test					
	AAR 2019	AAR 2020	AAR 2021	AAR 2022	AAR 2023
N	25	25	25	25	25
Asymp. Sig. (2-tailed)	.200	.200	.200	.200	.032

Source: SPSS output, 2024

Based on Tabel 1 the Asymptotic Significance value is greater than 0.05 for the abnormal returns from 2019 to 2022, indicating that the data is normally distributed, and the hypothesis testing uses the Paired Sample T-Test. However, for the abnormal returns in 2023, the Asymptotic Significance value is less than 0.05, indicating that the data is not normally distributed, and the hypothesis testing uses the Wilcoxon Signed Rank Test.

Table 2. Kolmogorov Smirnov Average Trading Volume Activity For January effect Test Results 2019 – 2023

One-Sample Kolmogorov-Smirnov Test					
	ATVA 2019	ATVA 2020	ATVA 2021	ATVA 2022	ATVA 2023
N	25	25	25	25	25
Asymp. Sig. (2-tailed)	.062	.032	.014	.200	.002

Source: SPSS output, 2024

Based on Tabel 2 the Asymptotic Significance value is less than 0.05 for the years 2020, 2021, and 2023, indicating that the data is not normally distributed, and the hypothesis testing uses the Wilcoxon Signed Rank Test. Meanwhile, the One Sample Kolmogorov-Smirnov test results for the Average Trading Volume Activity (ATVA) variable in 2019 and 2022 show an Asymptotic Significance value greater than 0.05, indicating that the data is normally distributed, and the hypothesis testing uses the Paired Sample T-Test

Table 3. Kolmogorov Smirnov Average Abnormal Return For Monday effect Test Results 2019 – 2023

One-Sample Kolmogorov-Smirnov Test					
	AAR Monday 2019	AAR Monday 2020	AAR Monday 2021	AAR Monday 2022	AAR Monday 2023
N	25	25	25	25	25
Asymp. Sig. (2-tailed)	.200	.200	.001	.200	.180

Source: SPSS output, 2024

Based on Tabel 3 the Asymp. Sig. (2-tailed) value is less than 0.05, indicating that the average abnormal return in 2021 is not normally distributed. Meanwhile, the normality test results for the average abnormal return (AAR) in 2019, 2020, 2022, and 2023 show an Asymp. Sig. (2-tailed) value greater than 0.05, indicating that the average abnormal return on Mondays is normally distributed. The hypothesis testing for the Monday effect uses the One Sample T-test.

Table 4. Kolmogorov Smirnov Average Trading Volume Activity For Monday effect Test Results 2019 – 2023

One-Sample Kolmogorov-Smirnov Test					
	ATVA Monday 2019	ATVA Monday 2020	ATVA Monday 2021	ATVA Monday 2022	ATVA Monday 2023
N	25	25	25	25	25
Asymp. Sig. (2-tailed)	.093	.200	.126	.139	.141

Source: SPSS output, 2024

Based on Tabel 4 the normality test results for the Monday effect from 2019 to 2023 show an Asymp. Sig. (2-tailed) value greater than 0.05, indicating that the average Monday Stock Trading Volume is normally distributed. The hypothesis testing uses the One Sample T-test.

Inferential Analysis

According to Sugiyono (2019), the determination of the hypothesis test for the January effect is based on the normality test results. If the data is normally distributed, the Paired Sample T-Test is used with the decision rule: if the Sign. (2-tailed) value is less than 0.05, H0 is rejected and Ha is accepted; however, if the Sign. (2-tailed) value is greater than 0.05, H0 is accepted and Ha is rejected. If the normality test results indicate that the data is not normally distributed, the Wilcoxon Signed Ranks Test is used with the decision rule: if the Asymp. Sign. (2-tailed) value is less than 0.05, H0 is

rejected and Ha is accepted; however, if the Asymp. Sign. (2-tailed) value is greater than 0.05, H0 is accepted and Ha is rejected. For the Monday effect, the One Sample Test is used with the decision rule: if the Sign. (2-tailed) value is less than 0.05, H0 is rejected and Ha is accepted; however, if the Sign. (2-tailed) value is greater than 0.05, H0 is accepted and Ha is rejected. The following are the hypothesis testing results for the research variables. (Sign. = Significant, Not Sign. = Not Significant)

Tabel 5 Summary of Inferentials Analysis of January Effect

Years		Abnormal return		Trading Volume Activity	
		Sign. Value	Result	Significant Value	Result
2019	Before January	0,001	Sign.	0,016	Sign.
	After January	0,000	Sign.	0,947	Not Sign.
2020	Before January	0,000	Sign.	0,122	Not Sign.
	After January	0,001	Sign.	0,580	Not Sign.
2021	Before January	0,000	Sign.	0,581	Not Sign.
	After January	0,001	Sign.	0,005	Sign.
2022	Before January	0,342	Not Sign.	0,449	Not Sign.
	After January	0,001	Sign.	0,002	Sign.
2023	Before January	0,000	Sign.	0,600	Not Sign.
	After January	0,946	Not Sign.	0,326	Not Sign.

Source: SPSS output, 2024

Based on Tabel 5 the summary of the inferential analysis results indicates that the abnormal return in January was not significant in 2022 and 2023. In contrast, the stock trading volume results were not significant throughout the observation period.

Tabel 6 Summary of Inferentials Analysis of Monday Effect

Year	Abnormal return		Trading Volume Activity	
	Significant Value	Result	Significant Value	Result
2019	0,234	Not Significant	0,000	Significant
2020	0,000	Significant	0,000	Significant
2021	0,000	Significant	0,000	Significant
2022	0,680	Not Significant	0,000	Significant
2023	0,039	Significant	0,000	Significant

Source: SPSS output, 2024

The summary of the inferential analysis for the Monday effect indicates that there was no significant difference in abnormal returns in 2019 and 2023. However, a

significant difference was observed in trading volume throughout the observation period.

Discussion of Research Result

The hypothesis testing for the January effect and Monday effect involves observing the differences in abnormal returns and stock trading volume. The January effect is characterized by significant movements in the average abnormal return and stock trading volume, indicating that both are higher in January compared to the previous and following months. Conversely, when not significant, the average abnormal return and stock trading volume in January tend to be lower compared to the months before and after. The Monday effect shows that the average abnormal return and stock trading volume are significantly lower on Mondays. Conversely, when not significant, the average abnormal return and stock trading volume on Mondays tend to show higher returns.

Difference between average abnormal returns in January and other months

Based on Tabel 5 shows at the year 2019, 2020, and 2021 the analysis shows a significant difference in January. The abnormal stock return in January is caused by several factors. One factor is tax-loss selling, where investors sell securities at a loss before the year-end to reduce taxes and repurchase them at the beginning of the year. This action causes prices to drop at year-end and rise at the start of the new year. If many investors engage in this practice, it can lead to weakened stock prices at year-end due to low market demand, resulting in abnormal returns. Additionally, capital gains realization, where investors buy stocks at low prices in January and sell them at higher prices before year-end, and window dressing strategies by investment managers to improve portfolio reports, also contribute. These strategies cause non-blue-chip stocks to be pressured at year-end and rebound in January, leading to high abnormal returns.

LQ45 is a stock index group with high liquidity and market capitalization, actively traded and sensitive to market information. The study indicates that from December 2018 to February 2021, LQ45 stocks experienced abnormal returns in January (January effect), suggesting the market was weakly efficient due to high closing prices. This may be due to information asymmetry affecting investor decisions, such as better access to information for specific buy-sell actions in January. Factors like the Covid-19 pandemic and the resulting increased stock market investment also contributed to abnormal returns due to higher stock prices.

Contrary to this, the analysis in Tables 5 shows no significant abnormal returns in January 2022 and 2023. The January effect is not observed in all markets and varies by period, indicating that the Indonesian capital market is semi-strong, reflecting new information quickly in stock prices. The January effect depends on investor reactions

to market phenomena, aiming for higher abnormal returns. Geopolitical uncertainties, monetary policies, or global economic conditions can affect stock performance in January. Market news impacts abnormal returns in complex ways, influenced by the type of news, market reactions, and market efficiency mechanisms. Factors like global geopolitical tensions can lower abnormal returns due to fragmented prospects and economic instability.

According to Bank Indonesia's 2022 Economic Report, the Russia-Ukraine geopolitical tension weakened trade transactions, raised commodity prices, and increased global financial market uncertainty, despite the Covid-19 decline. This led to a downward revision of global economic growth forecasts and increased financial market uncertainty, affecting Indonesia's economy. Geopolitical tensions, sanctions against Russia, and the US-China trade war disrupted global supply chains, affecting Indonesia's trade transactions. Rising global commodity prices, including energy, food, and metals, pressured inflation. Aggressive monetary tightening in advanced economies slowed economic growth and increased financial market uncertainty in Indonesia. This study's findings align with Balint & Gică (2012); Indrayani (2019); Ratrini & Suartana, (2021); Wiksuana et al. (2021); which also found significant abnormal returns in January. However, they are inconsistent with Hendrawaty & Huzaimah (2019) and Banan & Tristiarto (2023), who did not find the January effect.

Difference between average trading volume activity in January and other months

Based on the inferential analysis in Table 5, there is no significant difference in stock trading volume due to the January effect. The absence of the January effect suggests that the capital market is semi-strong efficient, meaning stock prices reflect all available public information. January trading volume did not show a significant increase or spike, indicating that the market had already absorbed relevant information such as dividend signals or company prospects. The low trading volume in January may be related to window dressing practices, where poorly performing stocks are sold at year-end and repurchased at the beginning of the year, which may not be necessary for LQ45 index stocks.

The LQ45 index, consisting of 45 companies with high trading days, values, and market capitalization, is sensitive to market information. This study shows that the LQ45 index's trading volume is not affected by the January effect, indicating the market's semi-strong efficiency. Table 5 demonstrates that trading volume activity does not significantly differ before and after January, likely due to domestic economic conditions during the observation period.

Factors potentially affecting low trading volume in January include the COVID-19 pandemic, which began in China and impacted Indonesia's economic recovery in 2020. Weakness in China, a major source of intermediate goods for Indonesia, led to reduced investment and trading activity as investors adopted a "wait and see" approach.

After the COVID-19 pandemic, Indonesia faced economic difficulties from February 2022 due to the Russia-Ukraine war, which disrupted supply chains and increased global commodity prices, including those for Indonesia. The war exacerbated oil and wheat prices, leading to inflation in February and March 2022.

This study supports findings by Wijaya (2012); Ahmad & Ahmed (2014); Banan & Tristiarto (2023), showing that January trading volume does not always significantly differ. However, it contrasts with studies by Sangberg & Nilsson (2011);Wachira, (2012);Wulandari (2014), which found significant differences in January trading volume.

Difference in average abnormal return on Monday for LQ45 Index

The efficient market theory explains that market prices reflect all available information. In this context, asset or security prices quickly and accurately incorporate available information. Monday is often considered the worst day of the week due to being the first working day, whereas Friday is viewed as the best day because it is the last working day before the weekend. This can lead to less rational investor behavior, making Mondays generally lower.

The analysis shows that the Monday effect does not persistently impact the LQ45 index in the Indonesian stock market. Table 6 indicates that the Monday effect did not influence abnormal returns on Mondays in 2019 and 2022. This may be due to information asymmetry, where investors with superior knowledge about Monday trading can avoid risks from lower stock prices on Mondays. Investors might adjust their portfolios on Mondays based on significant weekend information, affecting stock prices when the market opens. Institutional investors might trade less on Mondays, while individual investors might trade more but with a dominant selling tendency. Diversification strategies can help reduce Monday trading risks.

In 2020, 2021, and 2023, the Monday effect showed significant low returns. This may be because investors review relevant information and develop strategies for trading based on new market information, often delaying purchases. Psychological factors also play a role; negative market sentiment on Mondays can exacerbate the effect on stock prices.

Low abnormal returns on Mondays can be attributed to internal factors, such as the COVID-19 pandemic, which impacted economic recovery in 2020. Restrictions led to decreased economic activity and increased unemployment. External factors include the US-China trade war, which caused volatility and disrupted global trade, leading to weakened currencies and reduced investment activity. In 2023, geopolitical issues, such as the Russia-Ukraine war, also influenced investor behavior, with individual investors potentially dominating trading on Mondays and responding more dramatically to negative news.

LQ45 stocks are liquid blue-chip stocks that should help investors realize capital gains. However, individual investors might make mistakes by selling stocks on

Mondays instead of buying low. This suggests that many investors follow the crowd rather than applying modern portfolio theory, which advocates diversification to manage risk and achieve desired returns.

This study supports findings by Hendrawaty & Huzaimah (2019); Hakiman (2021); Reva Yuliani et al. (2022) indicating that investors tend to sell rather than buy stocks on Mondays, leading to lower returns. It contrasts with Sumiyana (2008);Miss et al. (2020); Sulviani et al. (2022), which found no significant abnormal returns on Mondays.

Difference in average trading volume activity on Monday for LQ45 Index

The analysis in Table 6 shows a significant Monday effect on stock trading volume from 2019 to 2023. Low trading volumes reflect reduced investor interest and can indicate negative sentiment towards stocks. This often triggers market overreaction, increasing stock sales and lowering prices, resulting in low or negative returns for investors on Mondays.

Investors may engage in active trading on Mondays due to processing additional information or possessing superior information not available to others (information asymmetry). However, on the Indonesia Stock Exchange, the Monday effect is influenced not only by news but also by psychological factors. Many investors are affected by negative mood and emotions towards Mondays, viewing them as bad days or "lazy days." This can lead to irrational behavior, such as delaying stock purchases or being overly cautious, using smaller order sizes and excessive selling compared to other trading days. Conversely, individual investors may be overconfident, neglecting technical and fundamental analysis, resulting in biased investment decisions and lower trading volumes on Mondays.

The Monday effect can also be driven by various factors, such as news received before Monday, long weekends, and high stock sales during Monday's midday. Poor company announcements, government policies like inflation, or global macroeconomic conditions disclosed before the weekend may prompt investor reactions on the next trading day. Additionally, investors processing superior information may affect stock values, reflected in low trading volumes on Mondays.

This study supports findings by Khidah & Wijayanto (2012);Trisnadi & Sedana (2016);Rahmawati & Hidayati (2016); Azmi & Hasmita (2016); Alexandri et al. (2020); Sagai (2022), which report differences in stock trading volumes on Mondays. Sellers may attempt to profit from low trading volumes on Mondays. However, this study contrasts with findings by Putra & Ardina (2016);Perez (2017); Yoda & Dewinda (2023), which did not observe the Monday effect on trading volumes.

CONCLUSION

This study examines the impact of the January effect and Monday effect on Abnormal Returns and Stock Trading Volume of the LQ45 Index at the Indonesia Stock

Exchange. Based on the analysis and discussion in the following chapters, the conclusions are as follows: There is a significant difference in the Abnormal Returns of the LQ45 Index stocks in January for the years 2019, 2020, and 2021. This may be due to information asymmetry affecting investor decisions due to better access to information, which leads to specific buy and sell actions in January. Market news can affect abnormal returns in complex and varied ways. Factors such as the type of news (positive or negative), the market's reaction to the news, and the mechanisms of market efficiency play crucial roles in determining the impact of news on abnormal returns.

There is no significant difference in the January stock trading volume of the LQ45 Index for the period 2019 - 2023. The absence of the January effect indicates that the market efficiency is at a semi-strong level, meaning that stock prices reflect all publicly available information. Trading volume does not show a significant increase or spike in January, suggesting that the market has already absorbed relevant information such as dividend signals or company prospects.

There is a significant difference in the Abnormal Returns of LQ45 Index stocks on Mondays in 2020, 2021, and 2023 due to the Monday effect. The Monday effect indicates a tendency for stock prices to be lower on Mondays. This phenomenon may arise from shifts in market sentiment after the weekend or specific trading strategies related to the Monday market opening. The signaling theory explaining the Monday effect is based on more active and optimistic investor behavior towards stock trading at the end of the week. Negative signals from companies on Mondays can reinforce this negative sentiment, affecting investor demand and supply in the stock market.

There is a significant difference in the Stock Trading Volume on Mondays for the LQ45 Index during the period 2019 – 2023 due to the Monday effect. Market efficiency theory states that stock prices quickly and accurately reflect public information, which also affects trading volume. On Mondays, employees often experience a psychological adjustment, meaning that their behavior and attitudes are influenced by the perception of Monday as a sluggish start after a two-day holiday. This holiday-induced lack of enthusiasm can lead to a lower market performance and investor mood, resulting in lower trading activity. Additionally, information asymmetry causes the market to respond to this information as a signal of an event, affecting company values, which is reflected in the lower trading volume on Mondays.

Theoretical Implications

In general, this study provides a theoretical contribution by enhancing knowledge about the stock market conditions related to the January effect and the Monday effect phenomena. It illustrates that the efficiency of the Indonesian stock market is still relatively weak, as information can influence trading activities on the IDX, reflected in the price movements and transaction volumes of the LQ45 Index during

the 2019-2023 period. Understanding market anomalies can offer insights to investors and financial managers for better portfolio diversification. By recognizing certain patterns or trends, investors can more effectively exploit opportunities or mitigate risks. Another theoretical implication of this study pertains to Behavioral Finance, which posits that investors are often influenced by psychological factors such as mood and emotions when making investment decisions. Investors tend to view Mondays as unfavorable days and consequently refrain from making large stock purchases compared to other trading days. Additionally, there is a tendency for investors to be pessimistic and risk-averse on Mondays, ultimately reducing their interest in buying blue-chip stocks.

Practical Implications

Market anomalies can assist in designing more effective trading strategies for traders. The January effect and the Monday effect can provide important signals for traders in determining the timing to enter or exit the market. The research results show that the January effect and the Monday effect influence abnormal returns and trading volumes in 2019 and 2023 on LQ45 Index stocks, which can be used as input for investors in making investment decisions. During the Monday effect, which shows a decline in abnormal returns, investors can take steps to reduce investment risk on that day, such as employing greater diversification strategies or using derivative instruments. For novice investors, it is advisable to remain optimistic on Mondays, avoid overreacting to market news, and increase trading activity to boost trading volume, which can positively impact abnormal returns on Mondays. Conversely, with the January effect, investors can take steps to sell stocks at the beginning of the year to obtain high abnormal returns.

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