

Does Ramzan Effect the Returns and Volatility? Evidence from GCC Share Market

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Abstract

The study aims to investigate the impact of seasonality in Gulf Cooperation Council (GCC) countries' share market during the month of Ramadan. It helps in finding the opportunities for stock market investors to earn abnormal (returns) gain by investing during Ramadan in GCC stock markets. This study uses stock returns data of GCC countries (Saudi Arabia, Bahrain, Qatar, Kuwait, Dubai, and UAE) from January 2004 to November 2019. Stock prices indexes of GCC stock markets have been obtained from Datastream. The ARCH-GARCH model is used to study the impact of the Ramadan month on the return and volatility of the stock market in GCC countries. The results showed that the Ramadan month has a significant impact on share market prices in Saudi Arabia and the United Arab Emirates. However, Ramadan has an insignificant impact on share market prices in Bahrain and Oman. The study found no evidence of serial correlational between residuals in Kuwait; meaning that stock return was not dependent on the prior stock returns in Kuwait, therefore, we cannot go for forecasting. The ARCH-LM test statistic for Qatar does not fulfill the requirement of a good regression model; therefore, we cannot go for forecasting or testing the hypothesis of Qatar.

Keywords: Anomaly, Hijri Calendar, Volatility, Returns, Ramadan Effect

JEL Classification Code: G10, G15, G32, G41

1. Introduction

Ramadan which falls in the ninth (09) month of the lunar/Hijri calendar is known as the holy month for the Muslims. Decisions and emotions are affected by it. Feelings, culture, and emotions play a vital role in shareholder decisions. In the same way, the holy month of Ramadan is the valuable month of the Lunar calendar (Hijri) and Ramadan fast is mandatory for all Muslims. Consequently, it is one of the

very significant months in the lunar calendar and culture of Muslim countries. Everyone knows that the religious practice of Muslims is increased in the holy month of Ramadan. Muslim individuals and societies believe that the blessing of the holy month of Ramadan will create amazing value for them. All Muslims around the world believe that the holy month of Ramadan brings delight and greater pleasure. The holy month of Ramadan will create positive behavior, which will affect the decisions of Muslims stockholder. The pleasure resulting from fast in the holy Ramadan can run stockholder behavior and consequently have a positive effect on the stock exchange in the most Muslim populated countries.

Different calendars are followed in different countries based on religion, culture, and social life. The Jewish societies follow the Hebrew calendar, the lunisolar calendar is followed by the Chinese, the Saka calendar is followed by the Indians, the Christians follow the Gregorian calendar, and the Hijri calendar is followed by the Muslims (the lunar calendar is based on the Hijri calendar). There are twelve months in the Hijri calendar, but the total number of days is either 355 or 354 days in a year. There are 30 or 29 days in each month of the lunar calendar. Ramadan is the ninth (09) month of

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the Hijri/lunar calendar. In this study, we examined the religious tradition mostly celebrated in the world throughout the holy month of Ramadan. Consequently, the emotions and social moods of stockholders have a considerable impact on the stock exchange, in most Muslim-populated countries, in the holy month of Ramadan. The commencement and end of the Hijri/lunar calendar months are confirmed by the finding of the crescent moon recognized as Hilal (Halari et al., 2015).

This paper focuses on finding if Ramzan affects the returns and volatility from the Gulf Cooperation Council (GCC) share market. This research examines the Ramadan effect in GCC countries by using data of more than fifteen (15) years. Prior research, scrutinizes the Ramadan effect either in few Islamic countries or with a limited number of years. Moreover, there are inadequate studies in Muslim countries on the topic of the Ramadan effect in Muslim countries' stock exchange. Our major outcome reveals that returns are higher and positive throughout the Ramadan month as compared to non-Ramadan, in many Muslim countries. This validates the position that stockholders' decisions depend on beliefs and emotions and that their monetary decision is not entirely intellectual. The conclusions of this paper are of significance to both regulators and stockholders in the stock exchange of GCC countries. They may contain constructive implication for swapping strategies and investing decisions which stockholders might attempt to apply for every month share prices; stockholders may time their swapping, for gaining abnormal profit.

Undoubtedly, the holy month of Ramadan has its significance in the Muslim world, and therein, it has a positive effect on the daily routine of individuals, communities, business organizations, and predominantly, economic activities (Białkowski et al., 2013; Halari et al., 2018). (Al-Khazali et al., 2017; Wasiuzzaman & Al-Musehel, 2018). Another important problem that literature has currently manifested was the uncertainty leading to financial crisis and therefore, gauging & assessing the aspects affecting share market volatility in recent vulnerable times have higher potential for research (Al-Khazali et al., 2017).

Moreover, the global financial system has high volatility, and thereby several countries specifically, GCC countries have been focused on by global powers due to their oil exports (Wasiuzzaman & Al-Musehel, 2018). In addition, GCC countries are Muslim countries and therein, the month of Ramadan has its ultimate significance while the rest of the world has different religious, cultural, and traditional holidays and vacations (Al-Ississ, 2015). In this scenario, due to a large dependency of major economies on GCC countries for oil, vulnerability and volatility have been taken into serious consideration as in the best interest of numerous stakeholders

Henceforth, based on the extensive empirical and theoretical literature related to calendar anomalies and share

market performance, it has been identified that the Ramadan effect has already been investigated largely in a different pool of countries using the GARCH model. Moreover, several other calendar holidays and off-days were also observed in different regions such as Chinese New Year, Diwali, Rosh Hashanah, Easter, etc., and therefore, it becomes important to undergo the effect of calendar anomalies in Muslim countries. In this concern, the study has undertaken the opportunity to inspect the Ramadan effect on price indices of selected six GCC countries based on daily time-series secondary data.

The aim of this study is to investigate the seasonality in the share market during the holy month of Ramadan in six Gulf Cooperation Council (GCC) countries using daily time-series data from 1st January 2004 to 15th November 2019. The study used GARCH (1, 1) model to estimate volatility in the price index in the holy month of Ramadan. The study has also narrowed its scope by considering the linear relationship between the independent dummy variable of Ramadan month and undertaking daily data of price index. The study has focused on quantitative explanatory research design to test the hypothesis based on a theoretical foundation.

2. Literature Review

Using a GARCH specification and data for the Saudi Arabian stock market – now the largest stock market in the Muslim world, Seyyed et al. (2005) documented a systematic pattern of decline in volatility during Ramadan, implying a predictable variation in the market price of risk. An examination of trading data showed that this anomaly appears to be consistent with a decline in trading activity during Ramadan. Evidence of systematic decline in volatility during Ramadan has significant implications for the pricing of securities especially option-like products and asset allocation decisions by investors in the Islamic countries

Recent literature shows that the holy month of Ramadan exerts a positive influence on investor sentiment in predominantly Muslim countries. This anomaly has been found to be particularly pronounced in Turkey. Białkowski et al. (2013), therefore, examined whether mutual fund managers investing in Turkish stocks are able to benefit from the Ramadan effect. They found that the risk-adjusted performance of domestic institutional funds, hybrid funds, and foreign Turkish equity funds is substantially higher during Ramadan compared to the rest of the year. By contrast, domestic index funds fail to deliver higher abnormal returns as they are adversely affected by increased money inflows during Ramadan.

Sonjaya and Wahyudi (2016) investigated the impact of Ramadan on the ten most Muslim-populated countries (Jordan, Bahrain, Indonesia, Kuwait, Malaysia, Morocco, Saudi Arabia, Qatar, Oman, & Tunisia). Share market price index data was

obtained from the Datastream for the period of 25 years from 1989 to 2013. A total of 139 events of the holy month of Ramadan were examined. For examining the Ramadan effect, the data is further broken into five sub-periods to 1989 to 1993, 1994 to 1998, 1999 to 2003, 2004 to 2008, & 2009 to 2013. This study used the Cumulative Abnormal Return (CAR) model for analyzing the Ramadan effect. This study concludes, the presence of the Ramadan effect, but the effect is not persistent.

Rahmi et al. (2016) examined the volatility of Islamic and traditional stock markets in Indonesia to determine the most appropriate model for risk management practice. The study examined the GARCH model for measuring volatility in the stock market. The results showed some volatility in both Islamic and traditional Indonesian stock markets. In the Islamic stock market, volatility was influenced by the money supply and the exchange rate, but not by the interest rate, since interest is prohibited in Islam. However, the interest rate was considered the main factor influencing the volatility of the traditional stock market.

Shah et al. (2017) explored the effect of Islamic months specifically Ramadan and Zil-Haj on the stock returns and volatility of the Islamic global equity indices. For the said purpose, the data on three Global Equity Islamic Indices including Dow Jones Islamic Market World Index, MSCI ACWI Islamic Index, and S&P Global BMI Shariah Index was collected from 5th Jan 2011 (1st Muharram 1432 A.H.) to 12th November 2015 (30th Muharram 1437 A.H.). Ordinary Least Square (OLS) and GARCH (1, 1) regression methods were applied to analyze the impact of the Islamic months on global stock returns and volatility respectively. Empirical results revealed a significant negative impact of Zil-Haj on returns and volatility of Islamic Global Equity Indices. However, no significant impact of Ramadan on returns and volatility of Islamic Global Equity Indices are revealed. These findings will be fascinating and of utmost interest amidst the researchers, investors, and practitioners

Wasiuzzaman and Al-Musehel (2018) conducted a study on the influence of mood/emotions and religious experience on Islamic stock markets during the Ramadan month. This study used stock returns data of two countries—Saudi Arabia and Iran – from January 2008 to September 2014 and the ARMA-GARCH models to study the impact of the Ramadan month on the return and volatility of the stock market in these two countries. The results of this study showed some differences in the impact of the Ramadan month on the return and volatility of the stock market in these two countries. While the Ramadan month has a significant positive influence on the mean returns and the volatility of the Saudi market, its influence on the Iranian market is found to be insignificant. Further analysis on the last ten days of the Ramadan month provides a similar result for the Saudi market. However, for the Iranian market, volatility is significantly negatively affected during these last ten days.

Munusamy (2019) used the ordinary least square methods to examine the impact of the Ramadan effect on the returns of the Shariah index in India. This paper further investigated the impact of the holy month of Ramadan effect on the volatility of the Shariah index by applying GARCH-modified models. This paper categorized the Ramadan days into three parts, namely God's Mercy, God's Forgiveness, and Emancipation from hellfire to examine the relationship between the Ramadan effect and the returns and volatility of the Shariah index in India. The results showed that the returns during the month of Ramadan as a whole are statistically significant. The results further motivated that its last ten days have high influences than other days over the period. Finally, the study examined the Ramadan effect on volatility by applying GARCH modified models and found evidence of the Ramadan effect during the first ten days of Ramadan month.

Shahid et al. (2019) conducted research and obtained evidence at the firm-level through the Hijri calendar, that Ramadan month effect swing and share market turn into adaptive. For investigating daily returns of 540 companies listed at the stock exchange of Pakistan data was obtained from the database of the Datastream. The data consist of twenty years from January 1996 to December 2015. The researcher also divided data into four sub-samples i.e five years for each sample. The present study applied GARCH (p, q) regression model for examining the presence of the effect of Ramadan in PSX. The researcher also uses the Kruskal–Wallis test for facilitating the non-normal nature of share return data. The result showed that the effect of Ramadan grows over a period of time, as the recital of Ramadan effect differs from occasion to occasion and is dependable on the Adaptive Markets Hypothesis (AMH).

Khanthavit (2020) investigated the behavior of foreign investors in the Stock Exchange of Thailand (SET) in the time of coronavirus disease 2019 (COVID-19) as to whether trading is abnormal, what strategy is followed, whether herd behavior is present, and whether the actions destabilize the market. Foreign investors' trading behavior is measured by net buying volume divided by market capitalization, whereas the stock market behavior is measured by logged return on the SET index portfolio. The data was taken daily from Tuesday, August 28, 2018, to Monday, May 18, 2020. The study extended the conditional-regression model in an event-study framework and extracts the unobserved abnormal trading behavior using the Kalman filtering technique. It then applied vector autoregressions and impulse responses to test for the investors' chosen strategy, herd behavior, and market destabilization. The results showed that foreign investors' abnormal trading volume is negative and significant. An analysis of the abnormal trading volume with stock returns revealed that foreign investors are not positive-feedback investors, but rather, they self-herd. Although foreign investors' abnormal trading does not destabilize the

market, it induces stock-return volatility of a similar size to normal trade.

3. Methodology

3.1. Data and Sampling

Stock prices indexes of GCC share markets have been obtained from Datastream. Daily price indexes chosen for analysis are Saudi Arabia, Bahrain, Qatar, Kuwait, Dubai, and UAE. For data collection of share price indexes, Qatar share market was represented by QTRMRKT, Dubai share market was represented by DFMINDX, Oman share market was represented by OMANMSM, Bahrain share market was represented by BHRALSH, Kuwait share market was represented by KWALGEN, and Saudi Arabia share market was represented by TDWTASI. Daily price index data is taken starting from January 1, 2004, to November 15, 2019. The daily price indexes are collected from Datastream. In the process of data collection, it was very difficult to convert the dates from the Gregorian calendar to the Hijri calendar. For all indexes (QTRMRKT DFMINDX, OMANMSM, BHRALSH, KWALGEN & TDWTASI) at the time of data collection, dates were primarily based on the Gregorian calendar. These dates were converted to Hijri (Islamic) calendar from the Gregorian calendar. As a pre-Hijri calendar, these dates start from 09 Dhul-Qadah 1424 and end on 15 Rabulawal 1441. Since the Hijri calendar is based on lunar, starting and ending of Ramadan could differ from country to country. As the study has used secondary sources i.e., Datastream for price index, the percentage change formula in the following equation has been used for estimating share market return. Moreover, the Ramadan effect was considered by lunar calendar dates & developed as a dummy variable where 0 represents non-Ramadan days & 1 represents Ramadan days.

$$R_t = \ln(P_t/P_{t-1})$$

The study has considered all six GCC countries. However, the study has collected daily time-series data from 01st January 2004 to 15th November 2019. The sample population was based on the identified research gap, and due to the availability of the data, it became easy to consider the sample population. Similarly, due to the availability of the required daily time-series data of the price index, the sample period was taken into consideration.

3.2. Research Model

Following is the research model of the present study:

$$R_t = c + \sum_{i=1}^p \omega_i R_{t-i} + \varepsilon_t + \sum_{i=1}^q \eta_i \varepsilon_{t-i} + \lambda_t D_{\text{Ramadan}} + \rho \sigma_t$$

3.2.1. Research Hypothesis

To test Ramadan month effect on share prices in GCC countries, the following hypotheses have been tested.

H1: The Ramadan days have a significant effect on Saudi Arabia's stock market.

H2: The Ramadan days have a significant effect on the Bahrain stock market.

H3: The Ramadan days have a significant effect on the Qatar stock market.

H4: The Ramadan days have a significant effect on the Kuwait stock market.

H5: The Dubai stock return in Ramadan days is different from non-Ramadan days.

H6: The Ramadan days have a significant effect on the UAE market.

3.2.2. Independent Variables

For the current study, we adopted dummy variables Ramadan days and non-Ramadan days of the Hijri year; 0 value is used for the non-Ramadan days and 1 for Ramadan days. A dummy variable is an indicator variable or numeric variable that shows data categorically for example affiliation (Ramadan days & non-Ramadan days), gender (male and female), etc. Dummy variables are used by researchers for the analysis of regression equations in case one or more than one independent variable. Theoretically, dummy variables are quantitative variables. Practically, regression analysis is easier for interpretation. Dummy variables are of two specific values, (1) or (0). Classically, (1) represents the presence of the attribute, and (0) represents absence. The independent variables of this research are Ramadan days and non-Ramadan days of the Hijri year; 0 value is used for the non-Ramadan days and 1 for Ramadan days.

3.2.3. Dependent Variables

The dependent variables are the daily stock returns of GCC countries.

3.2.4. Ramadan Effect

Ramadan effect means that there is significantly higher stock return in the holy month of Ramadan when compared to other lunar/Hijri months.

4. Results

4.1. Unit Root Analysis

Table 1 provides the result and estimations of unit root analysis for assessing stationarity in the data while

ADF-Fisher Chi-square (Dickey & Fuller, 1979; Fisher, 1932) has been used as a technique for unit root analysis. The study has gauged stationarity in the time-series data at a constant trend for the robustness of the results. The estimation was checked at a 90 percent confidence interval for adequacy of stationarity in the data, whereas the null hypothesis was stated as $H_0 =$ no unit root in the data.

Stationarity of all price indices GCC countries were tested using the ADF test in two forms – i.e., the test with intercept only and the test with trend & intercept. Table 1 showed that the price indexes of all GCC countries were statistically insignificant at the level with the test intercept and the test with trend and intercept. All price indexes are found statistically significant at first difference with the test intercept and the test with trend & intercept. Hence, the price indexes of Saudi Arabia, United Arab Emirate, Qatar,

Bahrain, Oman & Kuwait of share markets are confirmed to be stationary, thus variables were found co-integrated.

4.2. Serial Correlation

It is important to assess serial correlation in time-series data (Gujarati, 2009; Gujarati & Porter, 1999). However, higher-order serial correlation has been used in the study employing Q -statistics based on the proposed technique of Ljung and Box (1978). Table 2 provides estimated results of Ljung and Box's Q -statistics for the presence of serial correlation between residual lags. The null hypothesis of Q -statistics for serial correlation is the absence of serial correlation between residual lags.

Table 2 indicated that serial correlation between residuals was present in Saudi Arabia, the United Arab Emirates, Qatar, Bahrain, and Oman; implying that the current stock return is dependent on the prior stock returns. However, there was no evidence of serial correlational between residuals in Kuwait; meaning that stock return was not dependent on the prior stock returns in Kuwait. Hence the test of serial correlation of Kuwait does not fulfill the requirement of a good regression model; therefore, we cannot go for forecasting or testing the hypothesis Kuwait.

4.3. ARCH-LM Test

ARCH-LM test is an important assessment for heteroscedasticity specification and ignoring ARCH-LM estimation may result in providing inefficient results (Gujarati, 2009; Gujarati & Porter, 1999); however, it was recommended by Engle (1982) that the ARCH-LM test

Table 1: ADF-Fisher Chi-square

Country	Constant		Constant & Trend	
	I(0)	I(1)	I(0)	I(1)
Bahrain	0.181	0.000	0.309	0.000
United Arab Emirates	0.441	0.000	0.683	0.000
Kuwait	0.579	0.000	0.522	0.000
Oman	0.230	0.000	0.604	0.000
Qatar	0.051	0.000	0.202	0.000
Saudi Arabia	0.579	0.000	0.524	0.000

Table 2: Q-statistic

Country	Lag	AC	PAC	Q-stat.	Prob.
Saudi Arabia	1	0.111	0.111	47.717	0.000
	2	0.050	0.038	57.310	0.000
United Arab Emirates	1	0.071	0.071	19.837	0.000
	2	0.082	0.077	45.810	0.000
Qatar	1	0.188	0.188	136.890	0.000
	2	0.052	0.018	147.540	0.000
Bahrain	1	0.107	0.107	44.608	0.000
	2	0.070	0.059	63.712	0.000
Oman	1	0.210	0.210	170.670	0.000
	2	0.094	0.052	204.720	0.000
Kuwait	1	-0.003	-0.003	0.041	0.839
	2	0.021	0.021	1.681	0.432

should be estimated for ARCH disturbances before GARCH model estimation. Table 3 provides estimated results of the ARCH-LM test for assessing heteroscedasticity originally introduced by Engle (1982) technique with null hypothesis i.e. no heteroscedasticity.

Finally, the ARCH-LM test statistics were performed. Table 3 indicates that all share markets of GCC countries were statistically significant except Qatar; indicating the presence of constant variance (heteroscedasticity) in all return series. Hence, the ARCH-LM test statistic for Qatar does not fulfill the requirement of a good regression model; therefore, we cannot go for forecasting or testing the hypothesis of Qatar. There was no evidence of the presence of constant variance (heteroscedasticity) in stock returns of Kuwait and there was no evidence of serial correlational between residuals in Kuwait; meaning that stock return was not dependent on the prior stock returns in Kuwait. Finally, the result of serial correlation and ARCH-LM test statistic indicated that we can test the hypothesis only for Saudi Arabia, UAE, Oman, and Bahrain.

4.4. Volatility

Above mentioned residual pattern showed the higher volatility in UAE, Qatar, Saudi Arabia, Bahrain, and Oman respectively but the residual of Kuwait does not show any volatility. Volatility means fluctuation of residual. One big volatility produces another big volatility for a long time. One small fluctuation creates another small fluctuation for a long time. When the residuals have big volatility, then we can apply the ARCH and GARCH models. Hence, the result of volatility showed that we can apply the ARCH and GARCH model to Saudi Arabia, UAE, Bahrain, Oman, and Qatar only; and the ARCH and GARCH model could not be applied for Kuwait (Figure 1).

4.5. GARCH Model

Generalized Autoregressive Conditional Heteroscedasticity (GARCH) model was initially developed and

proposed by Bollerslev (1986) to estimate volatility in the financial market such as stock prices etc. Using time-series data usually involve daily or weekly basis (Gujarati, 2009; Gujarati & Porter, 1999). The GARCH model can only be applied when it fulfills three conditions; first, there should be volatility in the residual, second, presence of serial correlation between residuals, meaning that the current stock return is dependent on the prior stock returns. Third, there is no ARCH effect (ARCH-LM test statistic). In light of the above discussion, we can apply GARCH Model only for Saudi Arabia, UAE, Oman, and Bahrain. Table 4 provides GARCH estimation to measure the volatility in the price index for four GCC countries listed below. The GARCH (1, 1) estimation in the following table was based on a 90 percent confidence interval and therein, statistical significance higher than 10 percent will be considered insignificant.

Table 4 shows that Ramadan has a significant impact on share market prices (0.083, $p < 0.10$) in Saudi Arabia. Ramadan has a significant impact on share market prices (0.138, $p < 0.10$) in the United Arab Emirates. However, Ramadan has an insignificant impact on share market price (0.014, $p > 0.10$) in Bahrain. Ramadan has an insignificant impact on share market price (0.033, $p > 0.10$) in Oman.

In this regard, the results showed that Ramadan has a positive effect on price indices of Saudi Arabia and the United Arab Emirates therein; these share markets have the likelihood to improve in the month of Ramadan. These results were also supported by numerous past studies (Al-Ississ, 2010; Al-Khazali et al., 2017). This empirical supportive evidence manifested that the share market may improve its performance based on weak-form of efficiency market hypothesis; that is, random fluctuation and volatility may occur in the month of Ramadan. Contrarily, Sonjaya and Wahyudi (2016) found that Saudi Arabia & Bahrain have no Ramadan effect on price indices.

On the other hand, the results of GARCH estimation showed that Ramadan has no significant effect on the volatility of price indices in Bahrain and Oman. These results were somewhat supported by the strong-form of efficient market hypothesis postulating that information reflects market prices and thereby, historical trends and patterns can be useful to predict market price indices in these markets (Fama, 1970). Persistent with past studies such as notifying that risk propensity in the share market price indices may be lower in the month of Ramadan (Halari et al., 2015). Interestingly, Sonjaya and Wahyudi (2016) found that Oman has a persistent Ramadan effect on price indices based on the magnitude with other months; however, these results were in contradiction to the present study. Conversely, Halari (2015) found similar results consistent with the present study; that is, Ramadan has no significant effect on the price index.

Table 3: ARCH-LM Test

	F-statistic	Prob.
Saudi Arabia	0.009	0.925
United Arab Emirates	0.815	0.366
Qatar	4.415	0.035
Bahrain	0.715	0.398
Oman	0.494	0.482
Kuwait	0.051	0.820

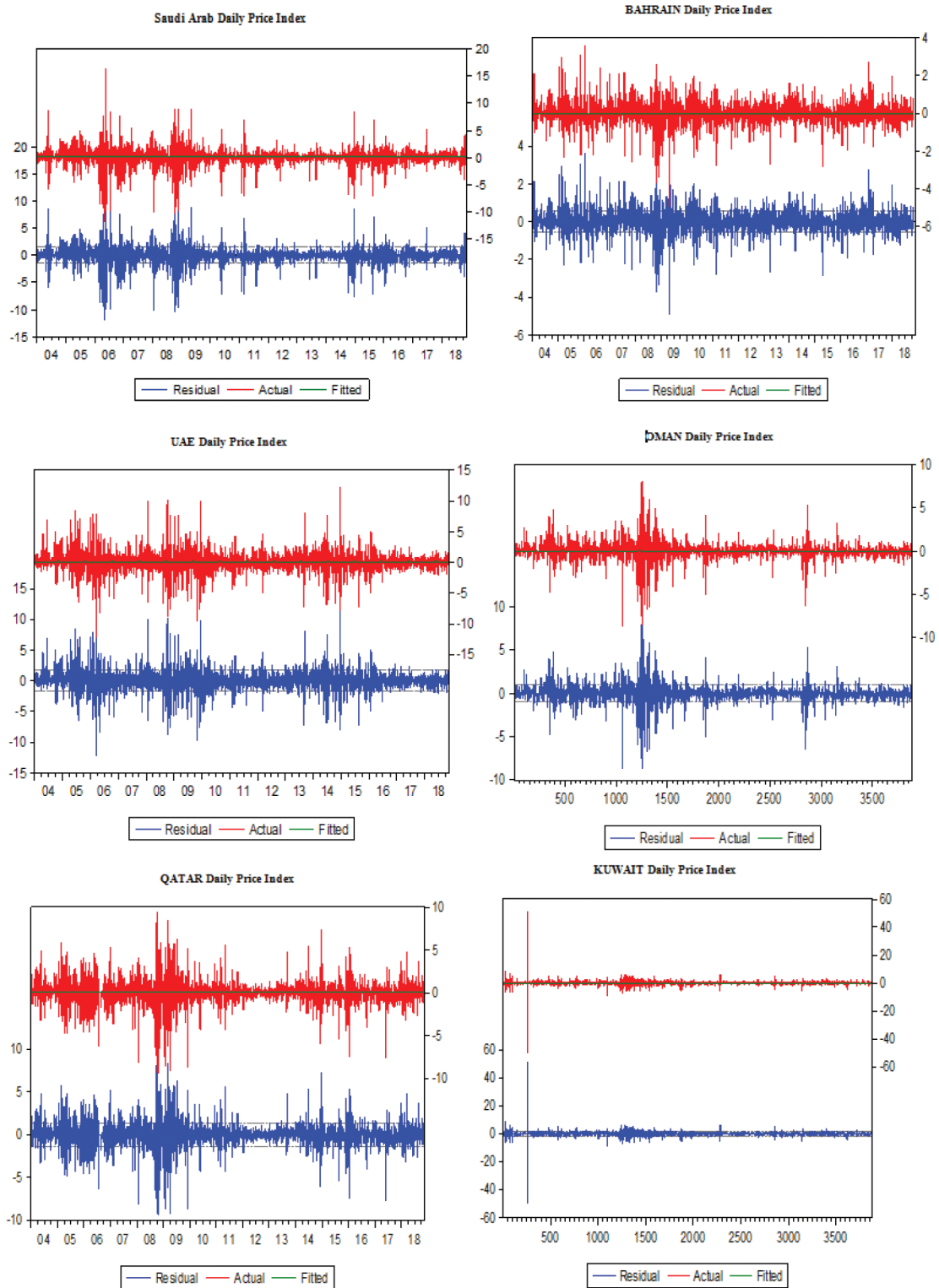


Figure 1: The Residual Pattern of Results of Volatility

Table 4: GARCH Estimation

Country	Coefficient	Std. Error	Z-statistic	Prob.
Saudi Arabia	0.083	0.044	1.859	0.063
United Arab Emirates	0.138	0.056	2.449	0.014
Bahrain	0.014	0.029	0.502	0.615
Oman	0.033	0.030	1.102	0.270

5. Conclusion

The main purpose of this research was to find out the opportunities for stockholders to have abnormal gain from share markets by investing during Ramadan in GCC share markets. Overall, six GCC countries – Saudi Arabia, UAE, Qatar, Oman, Bahrain, and Kuwait – have been selected for this study. The share market indices have been considered as a proxy for share markets in GCC countries. This study follows the quantitative approach and gathered time series data of each country from January 1, 2004, to November 15, 2019. To observe the collected data, the econometric techniques of ARCH and GARCH have been performed in this study. The outcomes suggested that among all the GCC nations the volatility in the share market of UAE is very high during Ramadan. It is found that the Kingdom of Saudi Arabia also faces the consequences of Ramadan in the form of volatility in their share market. Both states are under the governance of Muslims & follow Islamic laws and regulations, along with a high density of Muslim population. In fact, the religious belief of Muslims is to offer devotion to ALLAH (SWT) and try to negate any other aspect of the temporary world during Ramadan, to achieve success hereafter. That is why the presence of volatility, in UAE & Saudi Arabia, has been proved from the results. On the other hand, the outcomes of the other two GCC countries Oman and Bahrain show a similar phenomenon of volatility in the share market during Ramadan but the impact is not significant. This proves that the share markets of Oman and Bahrain can sustain their rate of trading during Ramadan but the effect of Ramadan show the tendency to fluctuate their share market conditions.

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