

Assignment on Market Efficiency

Due date: 2nd March, 2022 EOD

Step1:

Obtain the data of the allotted security from 1st Jan, 2021 to 31st Dec, 2021 from NASDAQ website.

1. Weak form of EMH

Obtain the data for the Nasdaq Composite and the security above. Test for the weak form of efficiency using Runs test for the period

2. Is there a post earnings drift?

Use the same dataset and consider the annual earnings announcement for the financial year 2019. Compare the actual earnings to street's estimate (search for media articles before the earnings announcement and provide the link for the article). Classify the earnings announcement as:

No surprise: if actual margin is $\pm 0.5\%$ of the analyst's expectation

Positive surprise if actual margin is $> 0.5\%$ of analyst's expectation

Negative surprise if actual margin is $< -0.5\%$ of analyst's expectation

Test for presence of earnings announcement drift using event study methodology.

3. Is there a January effect?

Compare the monthly returns for the month of January to that of other months

Deliverables:

Excel file with the data and clearly mentioned results.

Separate tab for each part analysis and a **top sheet** summarizing the results in a tabular format.

Naming excel file: ID_Name_SAPMAssignment1

Email excel file to p20200057@goa.bits-pilani.ac.in (Mr. Kamesh Anand) by EOD (11.59PM) 2nd March with *mail subject* as **SAPM_Assignment1**

Note: Carries 5 marks. No makeup or late submissions accepted.