Returns to Buying Winners and Selling Losers
Based on Jegadeesh & Titman (1993) JF

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	J	Panel A					Panel B			
		K= 3	6	9	12	K= 3	6	9	12	
3	Sell	-0.022	-0.018	-0.016	-0.014		-0.005	-0.005	-0.005	
		(5.24)	(5.07)	(5.06)	(5.07)					
3	Buy	0.0245	0.0190	0.0176	0.0162					
		(5.89)	(5.55)	(5.94)	(6.00)					
3	Buy-sell	0.0006	0.0008	0.0013	0.0013					
		(0.40)	(0.79)	(1.74)	(2.06)					
6	Sell	-0.020	-0.014	-0.013	-0.012					
		(5.39)	(4.90)	(4.82)	(5.10)					
6	Buy	0.0200	0.0165	0.0146	0.0129					
		(5.25)	(5.80)	(5.82)	(5.60)					
6	Buy-sell	-0.000	0.0011	0.0012	0.0003					
		(0.18)	(1.16)	(1.54)	(0.65)					
9	Sell	-0.020	-0.014	-0.012	-0.011					
		(5.43)	(4.85)	(4.66)	(4.85)					
9	Buy	0.0209	0.0153	0.0129	0.0111					
		(5.91)	(5.89)	(5.74)	(5.45)					
9	Buy-sell	3.0158	0.0004	0.0005	-0.000					
		(0.01)	(0.40)	(0.64)	(0.40)					
12	Sell	-0.017	-0.013	-0.011	-0.010					
		(4.70)	(4.73)	(4.61)	(4.78)					
12	Buy	0.0175	0.0123	0.0098	0.0087					
		(5.29)	(5.07)	(4.82)	(4.82)					
12	Buy-sell	8.3600	-0.000	-0.000	-0.000					
		(0.05)	(0.40)	(0.80)	(1.26)					

Trading Strategies

- The strategies we consider select stocks based on their returns over the past 1, 2, 3, or 4 quarters. We also consider holding periods that vary from 1 to 4 quarters. This gives a total of 16 strategies.

- Specifically, a strategy that selects stocks on the basis of returns over the past J months and holds them for K months (we will refer to this as a J-month/K-month strategy)

- At the beginning of each month t the securities are ranked in ascending order based on their returns in the past J months. Based on these rankings, ten decile portfolios are formed that equally weight the stocks contained in the top decile, the second decile, and so on.

- The top decile portfolio is called the " losers" decile and the bottom decile. is called the " winners" decile.

Trading Strategies (con't)

- In each month t, the strategy buys the winner portfolio and sells the loser portfolio, holding this position for K months.
- In addition, the strategy closes out the position initiated in month t - K.

Summary Stats. of the Data

- Start Date: 1380-01
- End Date: 1399-09
- The data includes daily open, last, high, low, close prices and volume for each stock, in all days a stock is traded on TSE.
- Prices are adjusted.

Monthly Return of Equally Portfolio of All Securities in the Market

- What if at the start of each Jalali month we buy a portfolio of equal weight of the whole market, and holding it just until next month?
- Monthly returns for the latter portfolio are drawn in the next slide.
- Yearly returns which are derived from monthly returns are depicted in the next two slide.

Monthly Return of Equally Portfolio of All Securities in the Market

	Monthly	Annually
Number	236	20
Positive Return Number	164	17
Negative Return Number	71	3
Returns		
Mean	3.43%	57.73%
Var.	0.0050	0.6598
STD	0.0711	0.8123
Median	1.98%	31.06%
Max.	43.23%	369.51%
Min.	-11.20%	-8.69%
Cumulative	172687.60%	76764.42%

Most Significant Results

- First 100 most Significant results in the sense of being different from zero, have all Positive returns.
- There are 1651 Strategies with significance level more then 1%.
- 850 of them have positive returns.
- Most significant positive returns are tabulated in the next slide.