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# ANALYSIS OF MARKET ANOMALY JANUARY EFFECT ON PROPERTY AND REAL ESTATE STOCK ISSUERS IN INDONESIA

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**Abstract**
*This study was conducted to analyze the behavior of the January Effect on property and real estate companies on the Indonesia Stock Exchange. The data used are secondary data on 74 property and real estate companies daily using purposive sampling techniques. All data are accessed from www.idx.co.id and. All data has been collected and tabulated in the form of monthly data. The data analysis method used is the Mann-Whitney difference test method. The results of the study found that there was no significant abnormal return. Thus, the findings of this study indicate that there was no January Effect phenomenon, meaning that the market is efficient.*

***Keywords:*** *January Effect, difference test, return, Indonesia*

## Introduction

Investors in the capital market continue to seek large returns, which in efficiency theory is impossible. However, in the capital market, several anomalous phenomena are found. Several types of market anomalies, such as accounting anomalies, seasonal, events, and companies (Bagaskara & Khairunnisa, 2019) . One of the most common variations in the capital market is seasonal anomalies, which are one of the components of market anomalies.

One form of seasonal anomaly is the January Effect anomaly. The January Effect is a potential increase in stock prices caused by the high volume of investor demand at the beginning of the year and optimistic investor expectations which ultimately affect the increase in stock prices in the capital market (Banan & Tristiarto, 2023b) . Meanwhile, (Cássia Grossi & Fernandes Malaquias, 2020) mention the January effect phenomenon as a form of profit behavior received by investors where the return in January is greater than the other eleven months. Thus, it can be concluded that the January effect is part of a seasonal anomaly where the abnormal return in January is found to be greater than the other months.

Recent research related to the January Effect and its causes has been done a lot before, where different results were found. Bunnento (2022) said that there was a difference or the existence of the January Effect phenomenon on the Indonesia Stock Exchange in 2019. Research from Noviarti & Pratama (2021) stated that there was a significant difference between the January Abnormal Return and the Non-January Abnormal Return value .

Furthermore, research conducted by Febriani et al (2023) stated that there was a difference in Abnormal Returns in January and Abnormal Returns in the other eleven months, which means that the January Effect phenomenon occurred on the Indonesia Stock Exchange. Research from Pertiwi (2023) stated that the January Effect phenomenon occurred on the Indonesia Stock Exchange due to the difference in Abnormal Returns between January and non-January months. Further research conducted by Putri & Prayogo (2023) stated that there was a January Effect phenomenon on the Indonesia Stock Exchange.

On the other hand, Fajriah et al (2021) stated that there was no difference in Abnormal Returns before and after the January Effect. Yunita & Rahyuda (2019) found that there was no difference in Abnormal Returns between January and the other eleven months, which means that the January Effect phenomenon does not occur on the Indonesia Stock Exchange. Furthermore, Wiarta et al (2020) stated that there is no difference in Abnormal Returns between January and other months. Fadillah et al (2023) stated that there is no January Effect phenomenon on the Indonesia Stock Exchange. Finally, Banan & Tristiarto (2023) stated that there is no January Effect phenomenon between January and the other eleven months on the Indonesia Stock Exchange.

Based on the description above, it can be concluded that research on the January Effect is still interesting to study due to the inconsistency of previous research results. This research was conducted on property and real estate companies because property and real estate sector companies have contributed to running the Indonesian economic sector. The contribution of the property sector to GDP (gross domestic product ) in the second quarter of 2023

amounted to 9.43% in the construction sector and 2.40% in the real estate sector (Setiawati, 2023) . Therefore, the purpose of this study is to test the January Effect market anomaly in property and real estate companies on the Indonesia Stock Exchange.

**January Effect**

The tendency to increase profits from security in January among months other than January (February to December) is known as *the January Effect. The January Effect* is the potential for an increase in stock prices caused by the high volume of investor demand at the beginning of the year and optimistic investor expectations which ultimately affect the increase in stock prices in the capital market (Banan & Tristiarto, 2023) .

*January Effect* phenomenon can be seen in the capital market as a deviation or irregularity in an efficient market. In *the January Effect*, returns in January are often higher than in other months, which is then known as seasonal behavior. Seasonal behavior in the stock market, especially between January and December, so that the average stock return in January is higher than the other eleven months, according to research that links financial behavior patterns with the Calendar Effect (Grossi & Malaquias, 2020). (Pratama, 2022) . The seasonal anomaly known as *the January Effect* occurs when stock *returns* show an increasing pattern in January that continues for several periods.

*returns* can be expected to increase yearly thanks to market anomalies in January. The emergence of the *January Effect phenomenon* is due to the existence of a hypothesis of *loss selling* (selling stocks that have lost their value), *Window Dressing* by selling stocks that have suffered large losses to revise the year-end portfolio to make it look better), *and Small Stock's Beta* (Bunnento, 2022). *Tax loss selling*, namely. Investors sell stocks by taking advantage of losing stock *returns for personal needs and to reduce taxes, investors sell stocks not based on information available in the market. Window dressing* is the same as *tax-loss selling*, what is done is. The fall in stock prices at the end is caused by *window dressing*, the fall in stock prices attracts investors to buy, so stock prices at the beginning of the year increase—small *stock Beta* (Stocks with small market capitalizations are riskier in January than other months). Investors in the capital market continue to seek large *returns*, which in efficiency theory is impossible. However, several anomalous phenomena are found in the capital market. Several types of market anomalies, such as accounting anomalies, seasonal, events, and companies (Bagaskara & Khairunnisa, 2019) . One of the most common variations in the capital market is seasonal anomalies, which are one of the components of market anomalies.

One form of seasonal anomaly is the January Effect anomaly. *The January Effect* is a potential increase in stock prices caused by the high volume of investor demand at the beginning of the year and optimistic investor expectations which ultimately affect the increase in stock prices in the capital market (Banan & Tristiarto, 2023b) . Meanwhile, (Cássia Grossi & Fernandes Malaquias, 2020) mention the January effect phenomenon as a form of profit behavior received by investors where the return in January is greater than the other eleven months. Thus, it can be concluded that the January effect is part of a seasonal anomaly where the abnormal return in January is found to be greater than in other months. Recent research related to *the January Effect* and its causes has been carried out a lot before where different results were found. Bunnento (2022) said that there was a difference or the existence of the *January Effect phenomenon* on the Indonesia Stock Exchange in 2019. Research from Noviarti & Pratama (2021) stated that there was a significant difference between the January *Abnormal Return and the Non-January Abnormal Return value* .

Furthermore, research conducted by Febriani *et al* (2023) stated that there was a difference in *Abnormal Return* in January and *Abnormal Return* in the other eleven months, which means that the *January Effect phenomenon occurred* on the Indonesia Stock Exchange. Research from Pertiwi (2023) stated that the *January Effect phenomenon occurred* on the Indonesia Stock Exchange due to the difference in *Abnormal Return* between January and non-January months. Further research conducted by Putri & Prayogo (2023) stated that there was a *January Effect phenomenon* on the Indonesia Stock Exchange.

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between January and the other eleven months on the Indonesia Stock Exchange. Based on the description above, it can be concluded that research on the January Effect is still interesting to study due to the inconsistency of previous research results. This research was conducted on property and real estate companies because *property* and *real estate sector companies* have contributed to running the Indonesian economic sector. The contribution of the *property sector* to GDP ( *gross domestic product* ) in the second quarter of 2023 amounted to 9.43% in the construction sector and 2.40% in the *real estate sector* (Setiawati, 2023) . Therefore, the purpose of this study is to test the January Effect market anomaly in property and real estate companies on the Indonesia Stock Exchange.

## Research Method

The data used in this study are property and real estate companies listed on the Indonesia Stock Exchange, totaling 93 companies. Unfortunately, only 74 issuers were able to collect data. Meanwhile, 19 issuers could not access their data. All data used in this study were accessed online via the pages www.idx.co.id and www.yahoofinance.com and then selected according to the research topic. Next, after the data is obtained, the January Effect test calculation is carried out in this study using the return and market return variables (Table 1). The return calculation is carried out every day during the period February-December 2023; and January 2024.

**Table 1. Operational definition of return**

| Variables | Definition | Formula | Scale |
|---|---|---|---|
| *Return* Stock | The return obtained from investment activities carried out is proxied by price. | $R_{it}=\frac{P_{it}-(P_{it-1})}{(P_{it-1})}$ | Ratio |
| Stock Price | Stock prices are prices that occur in the capital market at a certain time (Jogiyanto, 2017) | - | IDR |

Furthermore, after variables are obtained, a normality test and a difference test are carried out. The difference test is very much determined by the results of the normality test carried out with Kolgomorov-Smirnow (KS) and Shapiro-Wilk (SW). If the results of the KS or SW test show that the data is not significant 5% then he data is normal, then the test is carried out with an *independent t-test.* Conversely, if the results of the KS or SW test data are not normal, then the difference test is carried out with the Mann-Whitney test (Ghozali, 2018) .

## Results and Discussion

In this results section, the first thing discussed is the presentation of the data description, then the data normality test, and finally the results of the difference test. Table 2 explains the general condition of the data. The average value of January is -0.00065 which is smaller than the average value of the non-January month of -0.00008. This means that the average return value of January is slightly smaller even though there is no significant effect.

**Table 2. Data Description**

| Indicators | Month | Indicators | | Statistics | SD Error |
|---|---|---|---|---|---|
| Return | January | Mean | | -0.00065 | 0.001053 |
| | | 95% Confidence Interval for Mean | Lower Bound | -0.00275 | |
| | | 95% Confidence Interval for Mean | Upper Bound | 0.00145 | |
| | | 5% Trimmed Mean | | 0.00003 | |
| | | Median | | 0.000 | |
| | | Variance | | 0.000 | |
| | | Std. Deviation | | 0.009058 | |
| | | Minimum | | -0.059 | |
| | | Maximum | | 0.016 | |
| | | Range | | 0.075 | |
| | | Interquartile Range | | 0.004 | |
| | | Skewness | | -3.834 | 0.279 |
| | | Kurtosis | | 24.127 | 0.552 |
| | Non-Januari | Mean | | -0.00008 | 0.000323 |
| | | 95% Confidence Interval for Mean | Lower Bound | -0.00072 | |
| | | 95% Confidence Interval for Mean | Upper Bound | 0.00055 | |
| | | 5% Trimmed Mean | | 0.00004 | |
| | | Median | | 0.000 | |
| | | Variance | | 0.000 | |
| | | Std. Deviation | | 0.009218 | |
| | | Minimum | | -0.076 | |
| | | Maximum | | 0.065 | |
| | | Range | | 0.142 | |
| | | Interquartile Range | | 0.004 | |
| | | Skewness | | -1.604 | 0.086 |
| | | Kurtosis | | 22.22 | 0.171 |

Source. Processing data by author, 2024

Furthermore, the standard deviation value of January compared to the mean value of January has a value of -0.00065 and 0.009058 respectively. while the non-January month the standard deviation value of non-January months compared to the mean value of non-January has a value of -0.00008 and 0.009218 respectively. this means that the return data used for testing has very high variability.

**Normality Test**

Data normality test was conducted using Kolmogorov Smirnov (KS) and Shapiro-Wilk test. The test results showed that the data used in this study were 74 for January and 814 for non-January months.

**Table 3. Data Normality Test**

| Variables | Month | Kolmogorov-Smirnov[a] | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|---|
| | | Statistic | DF | Sig. | Statistic | DF | Sig. |
| Return | Januari | 0.221 | 74 | 0.000 | 0.639 | 74 | 0.000 |
| | Non-Januari | 0.194 | 814 | 0.000 | 0.685 | 814 | 0.000 |

Source. Processing data by author, 2024

Then, if viewed from the significance level of the KS and SW tests, both show a level of data significance at the 1% level. This means that the data used in this study is not normal. Because the data is not normal, the test carried out to detect the January effect is the Mann-Whitney test, not the independent t-test (Ghozali, 2018) .

**Mann-Whitney Test**

Based on the suggestion of the data normality test conducted using KS and SW for the abnormality of the data, a different test was conducted using Mann-Whitney (Table 3). Based on Table 3 below, it can be explained that the data used in this study were 888 observations. Of the 888 observations, the data used in January were 74 observations, while non-January months were 814 observations.

**Table 3. Mann Whitney Difference Test Results**

| Variable | Month | N | Mean Rank | Sum of Ranks | Mann-Whitney U | Wilcoxon W | Z | Asymp. Sig. (2-tailed) |
|---|---|---|---|---|---|---|---|---|
| Return | Januari | 74 | 422.64 | 31275.5 | 28500.5 | 32275.5 | -0.769 | 0.442 |
| | Non-Januari | 814 | 446.49 | 363440.5 | | | | |
| | Total | 888 | | | | | | |

Source. Processing data by author, 2024

Furthermore, in terms of the average rating value, the January value is 422.64 and the non-January month is 446.49. This indicates that the return for months other than January 2024 is smaller than the non-January February - December 2024 months. Then the Mann-Whitney U value is 28500.5 and Wilcoxon W is 32275.5 where when converted to the Z value is -0.769 and is not significant at all levels. This finding indicates that the return during the January 2024 and non-January research samples, namely February-December 2024, is did not significant. Thus, this study does not support the January effect or no seasonal anomaly is found using returns. This finding is consistent with the research conducted (Banan & Tristiarto, 2023; Fadillah et al., 2023; Fajriah et al., 2021; Wiarta et al., 2020; Yunita & Rahyuda, 2019) where all conclude that there is no abnormal return or no January Effect. In other words, this study using returns still supports the efficient market hypothesis.

**Conclusion**

This study was conducted to test market anomalies, especially seasonal anomalies, using monthly return data. The return data was tabulated and arranged monthly in January 2024 and non-January (February-December). This study found that the January Effect was not found after testing. The test was carried out by testing Mann Whitney and found that the return was not significant. This indicates that from the perspective of testing returns on 24 companies, the Indonesian capital market is still efficient. This study recommends for further research to deepen the testing with the basis of *Small stock' Beta. The deepening of the testing is done by making the company category into Line 1, Line 2 and Line 3* (small capitalization, medium and large capitalization). By sharing the company category, it is expected to provide the potential for the existence of this seasonal anomaly to be found.

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