

Sharp Decline in Stock Trading Volumes on Sundays

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Principal Findings

The last two years saw a sharper decline than before in trading volumes on Sundays, compared with trading volumes on other weekdays.

The "Sunday Effect" is the rate of decrease in stock trading volumes on the Tel Aviv Stock Exchange on Sundays, compared with the days proximate thereto, primarily as a result of international investors' refrainment from acting on Sundays.

An examination of the trading volumes on the Tel Aviv Stock Exchange on Sundays (see table and graph below) indicates that the Sunday Effect has increased in the years 2004-2014.

It emerges from the data that in 2013-2014, trading volume on Sundays was lower by 40% than the trading volume on other weekdays, a significantly higher decrease rate relative to 20%-30% in 2006-2012, and relative to 8%-14% in 2004-2005.

Initial data regarding the first months of 2015 indicate a continued uptrend in the Sunday Effect.

The following Table 1 presents the results of a statistical examination of the data regarding activity on Sundays in the years 2004 to 2014. A comparison of the activity on Sundays with the activity on other weekdays was carried out by means of two methods, as described in Table 1, and the results arising from both methods are consistent with one another and unequivocal.

In our estimation, the decrease in trading volumes on Sundays is primarily attributed to the general increase in the activity of international investors, for whom Sunday is the day of rest. A relatively small part of the aforesaid decrease is attributed to local investors, who prefer to postpone large-scale transactions to other days, on which international investors are also active.

Table 1: Rate of Decrease in Trading Volumes on Sundays compared with Other Weekdays in 2004-2014

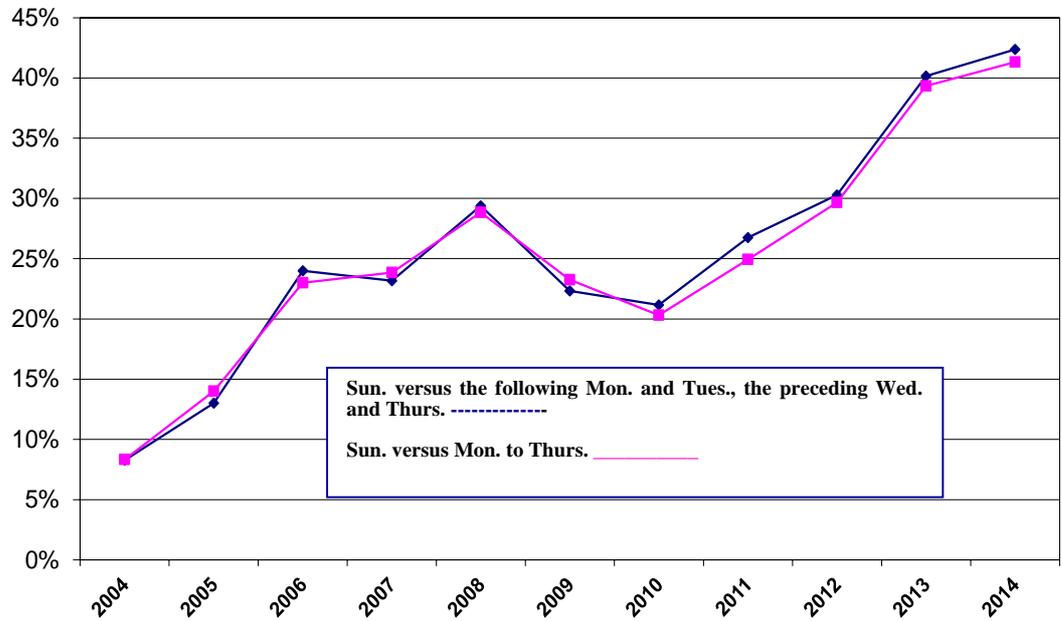
	Method 1: Sundays compared with Mondays to Thursdays of the same week	Method 2: Sundays compared with the Four Proximate Trading Days (*)
Year	Average Decrease	Average Decrease
<i>2004</i>	<i>8%</i>	<i>8%</i>
<i>2005</i>	<i>14%</i>	<i>13%</i>
2006	23%	24%
2007	24%	23%
2008	29%	29%
2009	23%	22%
2010	20%	21%
2011	25%	27%
2012	30%	30%
2013	40%	39%
2014	42%	41%

(*) Sundays compared with Mondays and Tuesdays of the same week and Wednesdays and Thursdays of the preceding week.

(**) Examination of daily trading volumes in stocks on the Tel Aviv Stock Exchange (excluding off-exchange transactions and excluding Exchange-Traded Notes), discounting the expiration days of monthly options on the TA-25 Index, on which days trading volumes are particularly high. Weekly options on the TA-25 Index were launched in July 2013; however, stock trading volumes on the same day do not justify discounting the expiration days of such options.

The uptrend in the activity of international investors in stocks on the Tel Aviv Stock Exchange coincides with the Bank of Israel data with respect to the activity of international investors on the Tel Aviv Stock Exchange. International investors have acquired net stocks valued at approx. \$0.5 billion in each of the years 2011 and 2012, compared with net purchases amounting to approx. \$1.4 billion in each of the years 2013 and 2014.

**Rate of Decrease in Trading Volumes on Sundays Compared with Other Weekdays
in 2004-2014**



Another factor that may have contributed to the increase in the activity of international investors on the Tel Aviv stock market in the past two years, was the extension of trading hours in Tel Aviv by one hour, as of June 2013.

An initial examination of the data for 2015 indicates that the downtrend in trading volumes on Sundays, compared with other weekdays, continued in the first two months of the year as well, and has even been reinforced.