EASY INTERMEDIATE HARD

# CFA® SAMPLE QUESTION – LEVEL I

## Portfolio Management

**Q:** Which of the following statements about the efficient market hypothesis is least accurate?

**CORRECT ANSWER:**

Ⓒ **Studies of market anomalies have found a positive return between the Friday close and the Monday open, known as the weekend effect.**

Studies of market anomalies have found a negative return between the Friday close and the Monday open. This is known as the "Weekend Effect". The weekend effect is a phenomenon in financial markets in which stock returns on Mondays are often significantly lower than those of the immediately preceding Friday.
Some theories that explain the effect attribute the tendency for companies to release bad news on Friday after the markets close to depressed stock prices on Monday. Others state that the weekend effect might be linked to short selling, which would affect stocks with high short interest positions.
Alternatively, the effect could simply be a result of traders' fading optimism between Friday and Monday.

CFA Society Hong Kong
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