

KEUNTUNGAN MOMENTUM DAN BIAYA TRANSAKSI

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ABSTRACT

This study investigates whether the so-called the profitability of momentum strategies that is a strategy of buying past winner and selling past losers could yield abnormal return. The study uses the method's Tegadeesh and Titman (1993) with some modification to examine the payoffs to momentum strategies and also tries to find a possible role of transaction cost as an explanation for momentum profit.

The study reveals that momentum strategies are profitable with no transaction cost at the medium term i.e. for both two-month ranking and two-month testing periods, and three-month ranking and three-month testing periods. The momentum strategies still remain profitable after allowance for plausible values of transaction cost.