

Mercury Retrograde and Stock Market Returns in Vietnam

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Abstract. The article analyses the impact of the phenomenon of Mercury retrograde on Vietnam stock market returns. With the data as daily closing price of VN-Index collected by Ho Chi Minh City Stock Exchange (HOSE) for the 2002-2017 period, the authors estimate AR(1)-TGARCH(1,1) model under three different distribution rules: normal distribution, Student's-t distribution, and Generalized Error Distribution (GED). As a result, AR(1)-TGARCH(1,1) model under Student's-t distribution rule is the most suitable and there is no any effect found from Mercury retrograde phenomenon in the study result but Monday effect is confirmed to exist in the Vietnam stock market. At the same time, the volatility of market returns in the future can be predicted by the volatility of the returns in the past and negative shocks that have a significant impact on the volatility of Vietnam stock market returns.