

Buy on Monday, sell on Tuesday to win on the ASX



by [Vanessa Desloires](#)

Buy on Monday, sell on Tuesday: this may be the axiom that defines investing on the Australian stock exchange this year.

Financial market software company IRESS crunched the numbers on the benchmark S&P/ASX 200 index for Fairfax Media and found that, on average, Monday was the only day on the stock exchange to finish the day in the red.

The day has developed a reputation for posting hefty losses this year, including the so-called "Black Monday" on August 24.

The total number of points shed on the S&P/ASX 200 on a Monday was a mammoth 645 points, with an average daily close 0.22 per cent lower.



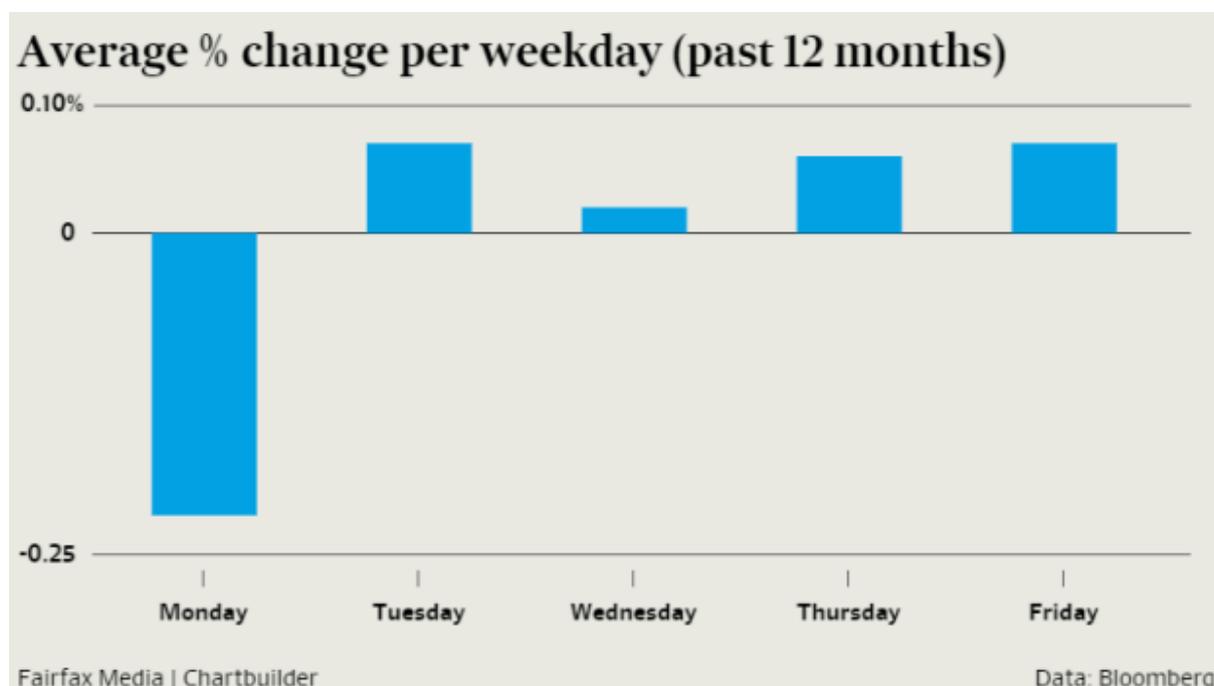
The bears await Monday's ASX trade. **Get Bear Smart**

For an explanation, look overseas, Peak Asset Management executive director Niv Dagan said.

Pivotal data is released on Friday night in the US and Europe, well after the Australian market has closed, including the Purchasing Manager's Index, a gauge of private sector activity, and US payroll data, which sheds light on the state of the world's largest economy.

"Friday in the US is generally quite an important day for macroeconomic data," he said.

China, which has been a key contributor to market volatility over the past 12 months, also released important data over the weekend, Mr Dagan said.



Mondays have been overwhelming bad for the ASX over the past 12 months

"The macroeconomic picture on a Monday has been weak," he said.

Crisis meetings between eurozone leaders and Greece dominated the weekend news during the first half of this year, helping to set the dour tone in Australia on a Monday morning.

The day has played host to some huge sell-offs. On [June 29, the ASX fell 2.2 per cent as investors reacted](#) to Greek Prime Minister Alexis Tsipras' snap referendum announcement on whether to accept debtor-imposed austerity measures.

August 24 trumped them all, with a 4.1 per cent, \$60 billion plunge on a day dubbed [Black Monday as fears over the extent of China's slowing economy reached a peak](#).

TUESDAY IS THE BEST DAY

Statistically, Tuesday is the best day on the index, with gains totalling 209 points in an otherwise dismal year in which the overall index has fallen 137 points between October 22 last year and October 21 this year. The stock exchange on average posts a gain of 0.07 per cent.

This is despite being offset by the second worst trading day of the year, September 29, when the stock exchange fell 3.8 per cent, [triggered by a sell-off in resources stocks after miner Glencore's share price fell 30 per cent in London trading](#).

Mark Lennox, a decade long trader and senior private adviser at HC Securities, said he generally avoided trading on Mondays because of the high number of sell-offs that reverse on a Tuesday.

He said a bad session on the European and US stock exchanges followed by a weekend could lead to an "overwhelmingly negative" sentiment on Monday.

Aside from Monday, Thursday was also a weaker trading day. The day has accumulated just 21 points over 12 months, eking out an average 0.02 per cent gain.

Mr Dagan said Thursdays were the day that options and futures contracts expired, leading to some profits coming off the table.

Mr Lennox said Thursday weakness could also be the result of stronger Tuesday and Wednesday trading.

"Traders start to lighten exposure leading into the weekend," he said.

Wednesday has added 108 points for the year so far, with an average 0.06 per cent gain. Friday is the second-best trading day, gaining 189.08 points or averaging 0.07 per cent.

The stronger figure on Friday may be the result of some "window dressing" by fund managers and investors generally looked to finish the week on a positive note, Mr Dagan said.

"Based on that data alone, you could conclude that you would buy on a Monday close at 4pm, enter a position and sell on Tuesday at the open and investors would be better off."

In the US, Bespoke Investment group delved through 32 years of data for the S&P 500 and found Monday was also the worst day to trade. Buying at close of trade on a Friday and selling at the open on Monday turned \$100 invested into just \$100 since 1983, CNBC reported.

The best time to trade was before 10am, Bespoke said. Investing \$100 at close of trade the day before and selling before 10am the next day since 1983 would be worth \$949.

Read more: <http://www.afr.com/markets/equity-markets/buy-on-monday-sell-on-tuesday-to-win-on-the-asx-20151022-gkfkvl#ixzz3pMLJztB4>

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