# Time-dependent momentum and contrarian effects in the Chinese stock market

Huai-Long SHI[1,2], Zhi-Qiang JIANG[1,2], and Wei-Xing ZHOU[1,2,3*]

[1] Department of Finance, School of Business, East China University of Science and Technology, Shanghai 200237, China
[2] Research Center for Econophysics, East China University of Science and Technology, Shanghai 300237, China
[3] Department of Mathematics, School of Science, East China University of Science and Technology, Shanghai 300237, China

E-mail: *wxzhou@ecust.edu.cn

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## 1 Manuscript Format

### 1.1 Body

This work reexamines the profitability of loser, winner and contrarian portfolios in the Chinese stock market using monthly data of all A-share stocks traded on the Shanghai Stock Exchange and Shenzhen Stock Exchange covering the period from January 1997 to December 2012. We find the evidence of short-term and long-term contrarian profitability in the whole sample period when the estimation and holding horizons are 1 month or longer than 12 months and the annualized returns of contrarian portfolios increases with the estimation and holding horizons. We compare the performance of contrarian portfolios based on different grouping manners in the estimation period and unveil that decile grouping outperforms quintile grouping and tertile grouping, which is more evident and robust in the long run. Generally, loser portfolios and winner portfolios have positive returns and loser portfolios perform much better than winner portfolios. These results still hold after robustness checks including skipping one-month between the estimation and holding periods, and performing subperiod analysis. Additionally, rolling window approach is adopted to study the changing momentum and contrarian effects, and we find that the momentum and contrarian effects are time-dependent in Chinese stock markets. Our findings show that the Chinese stock market is not efficient in the weak form. These findings also have obvious practical implications for financial practitioners.