



**Feedback Trading and the Ramadan Effect in International Islamic Financial Markets**



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## Abstract

We examine the presence of the Ramadan effect in feedback trading drawing on a sample of eleven majority Muslim markets for the 29/6/2001-1/8/2016 period. Feedback trading is significant in several of these markets, appearing stronger outside, rather than within, Ramadan. These results hold both, for the full sample period, as well as before and after the global financial crisis, while raising the possibility that Ramadan's widely documented lower volatility is related to the reduced presence of feedback trading during that month. We attribute our findings to Ramadan's traditionally documented low volumes rendering feedback trading less feasible in majority Muslim markets.

*JEL classification:* G02; G15

*Keywords:* feedback trading; Ramadan; volatility; volume

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