

TESTING THE EFFICIENCY MARKET HYPOTHESIS FOR THE ROMANIAN STOCK MARKET

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ABSTRACT: Efficient Market Hypothesis has dominated the field of research on capital market theory. It states that asset prices are rationally connected to economic realities and always incorporate all the information available to the market. In this way, securities markets are seen as efficient in reflecting information about individual stocks or about the stock market as a whole. A large number of theoretical, as well as empirical papers around the world have had as objective testing this hypothesis. Beside reviewing the most important part of literature in this respect, the paper has as aim testing the Efficient Market Hypothesis on Bucharest Stock Exchange. The tested hypothesis is carried on time series of stock index BET (daily observations), for the period 2000-2009. The econometrical results assert that the weak form of the efficiency market hypothesis is accomplished.

Key words: efficiency market hypothesis, Romanian stock exchange, BET

JEL codes: G10, G12, G17