

**SAMI AL KHARUSI**  
Sultan Qaboos University, Oman

## **THE EFFICIENCY OF THE TADAWUL AND KSE DURING THE TURMOIL TIME**

### **Abstract:**

Very few studies investigated the affect of the recent global financial crisis on the weak form market efficiency. This paper seeks to investigate the weak-form market efficiency of the Saudi Stock Exchange (Tadawul) and the Kuwait Stock Exchange (KSE) before and after the recent global financial crisis. The sample includes daily price indices for the period from January 7, 2007 to June 22, 2008 for the pre-crisis and from June 24, 2008 to December 29, 2010 for the post-crisis for Tadawul and from January 8, 2007 to June 24, 2008 for the pre-crisis and from June 28, 2008 to December 30, 2010 for the post-crisis for the KSE. The results of the non-parametric test (runs test) and parametric test (autocorrelation test using Ljung and Box, 1978 Q-Statistics test) provide evidence that Tadawul is efficient during the post crisis and KSE is efficient during the pre-crisis. This issue is important to security exchange regulators, investors and analyst to understand how investors behave at the time of crisis.

### **Keywords:**

Saudi Stock Exchange, Kuwait Stock Exchange, Global Financial Crisis, Weak-form Market Efficiency

**JEL Classification:** G01, G02, G14