c722519 : MAJOR Finance

KEY WORD: IPO / Initial Public Offerings / underpricing / underperformance / aftermarket performance

Ravi Lonkani : Information Acquisition and Dissemination of the Initial Public Offerings: The case of the Thai Stock Market. THESIS ADVISOR : SUNTI TIRAPAT, Ph.D., THESIS CO-ADVISOR : ASSIT. PROF. AEKKACHAI NITTAYAGASETWAT, Ph.D., 115 pp. ISBN 974-334-823-9

Merton (1987) models an economy in which each investor trades only the subset of available assets with which they are familiar. Accordingly, one determinant of the returns of securities is the information available in the market. This research has the first objective to examine the information acquisition ability among various investors by observing investment in the new issue stocks (IPOs). Investors are classified into four subgroups in the primary market and each subgroup's subscription of IPOs are examined and hypothesized to correlate with the first anomaly found in IPOs: the short-run underpricing.

The second objective is to investigate the performance of investors in their ability to invest in the secondary market of IPO stocks. The hypothesis is that if investors are informed investors, they will select the new issue stocks which its aftermarket performances do not underperform or less underperform some relevant benchmarks relative to other stocks.

Finally, the third objective is to explore forecast accuracy and predictability of information that disseminated around the issuing period. Data of EPS forecast are obtained from the I/B/E/S database.

Results from this study reveal that the initial returns of IPOs in this market are very much positive. The average initial return for 292 IPOs during 1987-1997 is 46.7%. The degree of underpricing is positively correlated with institutional investors and foreign investors but negatively correlated with individual investors. In the aftermarket, the performance of IPO stocks is worse than the market, the industry and the size-match portfolio. The 3-year cumulative adjusted average returns (CARs) IPOs during 1988-1993 are -55.30%. Institutional investors and foreign investors are traders whose changes in cumulative net investment during the first 21-day are positive correlated with the aftermarket performance while the individual customer can not changes their investment to concur with the aftermarket performance of IPOs. Finally, the results show that analysts are over estimate earning per share (EPS) forecast of IPO stocks. Data disseminated around offering period that correlate with the aftermarket performance of IPOs are the analyst forecast revisions of EPS.

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