

Independent study title	DOES THE INVESTOR STILL OVERREACT?: EVIDENCE FROM A TWO-DECADE ASSESSMENT OF THE SET INDEX
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ABSTRACT

This research aims to study the response behavior of investors in the Stock Exchange of Thailand (SET) to changes in stock prices during 2004–2023 by using the Contrarian Strategy to test the market's overreaction hypothesis. The analysis of monthly stock price data found that the Contrarian Strategy could not generate statistically significant positive returns, reflecting investors' underreaction behavior. Meanwhile, the Momentum Strategy yielded significantly higher returns than the SET Index, especially in small-cap stocks.

In addition, the research results found that investors' response behavior was asymmetric, with a tendency to respond slowly when prices increased but overreact when prices decreased. The findings of this research contradicted the weak-form EMH theory, which states that current stock prices reflect all past information. The research results indicate that the Thai market is inefficient, which might be caused by irrational investors or investors who are influenced by "noise traders", causing stock prices to deviate from their true values over a period of time.

Keywords: Investor behavior, Contrarian strategy, Momentum strategy, Market overreaction, Market efficiency, SET Index