

Investors Behavior and Performance During the Asian Crisis: Evidence from The Stock Exchange of Thailand

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ABSTRACT

This study focuses on the relationship between the market returns and net investment flows and their volatilities for different investor types during the 1997 Thailand financial crisis. The behavior of each investor type is identified using the short-term market return shocks. The empirical results show that: (i) feedback trading test strongly supports that most of trading decisions of each investor type depend on market returns. (ii) From information contribution results, foreign investors are the highest influence player in the Stock Exchange of Thailand. (iii) Volatility effect of proprietary traders is found only in the post-crisis period. (iv) Volatility spillover effects of institutional investors and proprietary traders are found during the post-crisis period.