

The Relation among Dividends, Earnings and Stock Prices: Empirical Analysis in Asian Emerging Market and Asean Exchange

ABSTRACT

This study seeks to identify the relationship between fundamental factors and stock prices, composed of dividends and earnings. According to the endogenous problem, we perform a system of simultaneous equation and test by panel two-stage least square model. The empirical results determine the positive significant relation from earnings to stock prices and dividends to stock prices for overall Asian Emerging Market and Asean Exchange. We do considering on an in-depth of Asian Emerging Market and Asean Exchange. Similar results are found in many countries; only some of them have no statistically significant. Therefore, the fundamental information, such as dividends and earnings, are able to determine the stock prices, which are useful to the investors and other market participants' decisions.