

ABSTRACT

Empirical studies on intraday and interdaily return volatility find that open-to-open volatility is higher than close-to-close volatility. The causes on each stock market are different. In New York Stock Exchange, the higher open-to-open volatility is from the different in trading mechanisms and the monopoly power of specialists while in Tokyo Stock Exchange, the different between open-to-open volatility and close-to-close volatility is from long halt of trade before the market opens. In Thailand, Stock Exchange of Thailand uses same continuous trading mechanism on both morning and afternoon session, without any specialists and has two-hour midday break between the morning and the afternoon session. Hence, the effect of the difference in trading mechanism and specialists are ignored in this study and focus in the effect of long halt of trade only. I find that the factor that causes the higher open-to-open volatility is the accumulated information during non-trading periods: overnight and midday break. My results correspond to Amihud and Mendelson (1991) that long halt of trade is the cause of the higher open-to-open volatility. It shows that any information during non-trading affects to the expectation of investors to stock prices. Investors try to trade quickly before their information become public information. This behavior of investors lead volume after the market opens and before the market closes change more severe than other times of day. For return and volatility, it changes more severe after the market opens than other periods.