



INVESTOR SENTIMENT IN THAI STOCK MARKET

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ABSTRACT

Using retail traders' trade data and buy-sell imbalance measure, this paper is aimed to study the trade patterns or sentiments of Thai retail traders and the macro variables that could explain them. From trade concentration study, the securities that Thai retail traders prefer or tend to trade in more are value stocks, big stocks and surprisingly stock with high price. On the herding pattern front, trading patterns present among stocks with different characteristics namely price, market capitalization and Price to book value ratio. The herding patterns also appear to be higher during good periods rather than during market with bad mood, which is later confirmed by the explanatory power of term structure. Furthermore, traders also trade in concert manna across sectors and the degree is at the highest in the sector with high liquidity like resources. All these trading patterns actually points to a somewhat "rational" trades rather than irrational behavior, suggested in "noise trader".

Key word: Retail Traders' sentiments, Imbalance measure, herding, macro variables