

The Impact of Equity Warrant Issues on Underlying Stocks in Thailand

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May 2012

Abstract

This paper investigates the price and volatility effects of first time warrant issuing firms on the Stock Exchange of Thailand (SET) between 1990 and 2010. The empirical result shows negative return before the warrant issuing date. In addition, the study finds that package issuance or out-of-the-money warrants has less negative impact on price than in-the-money issuance. Furthermore, firms issuing exhibits decline in volatility. The result from the study also suggests that high risk and limited growth firms tend to issue in-the-money warrants.

Keywords: Equity warrant; Price effect; Volatility effect