


Different Trading Reactions of Retail Investors to Earnings Announcements of Energy Firms and Non-energy Firms

1st Thanu Prasertsontorn
Department of Finance
Faculty of Business Administration
Chiang Mai University
Chiang Mai, Thailand
thanu.p@cmu.ac.th

2nd Ravi Lonkani
Department of Finance
Faculty of Business Administration
Chiang Mai University
Chiang Mai, Thailand
ravi.l@cmu.ac.th



Abstract

This study investigates the trading behavior of retail investors around quarterly earnings announcements of firms in the energy sector compared to the other firms in the Stock Exchange of Thailand. Trading behavior of retail investors is observed via their abnormal trading volume. Event study with a total of 344 firm-event samples shows that no abnormal trading volume occurs after earnings announcements of stocks in the energy sector. Contrastingly with the non-energy firms, which have significant abnormal trading volume in their post-announcement period. This implies different reactions of retail investors to earnings announcements due to the firm's business. Our result is consistent with Chae's [1] explanation and empirical test about the impact of companies' sectors on investors trading around their earnings announcements, especially petroleum companies.

Keywords—Energy firm, industry effect, Trading volume, Trading behavior, earnings announcement