

## **Asian Crisis and Investor Behavior in Thailand's Equity Market**

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This paper investigates short-term speculative trade performance of individual, institutional and foreign investors using daily buying and selling flow from Thailand's equity market. Our results indicate that the foreigners tend to increase their net buying (buying-selling) after a few days' increase in stock price, whereas, the individual investors in Thailand tend to increase their net buying after a few days' drop in the stock price. The trading patterns of the foreign and the individual investors are unchanged before, during and after the Asian Crisis, regardless of the large change in the market condition.

We also observe positive stock return after foreigners' net buying and negative stock return after the individuals' net buying. The foreign investors' short-term speculative profit are 300 to 1600 million Baht during 18 months of before crisis period, 500 to 1800 million Baht during 15 months of under crisis period, and 700 to 3000 million Baht during 15 months of after crisis period, depending on the assumption imposed on their investment horizon. Foreign investors' superiority in market timing is apparent before, during and after the Crisis, even when we evaluate their trade performance using US dollar based stock return.

### Reference:

Kamesaka, A., Nofsinger, J. and Kawakita, H. (2003) Investment Patterns and Performance of Investor Groups in Japan, *Pacific Basin Finance Journal* 11, 1-22.