

When should investors invest in stock repurchase? : Evidence from SET

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ABSTRACT

Between 2001 and 2009, there is a growing number of firms announced share repurchase in Thailand, which is the potential for examining the short-term and long-term abnormal return. The empirical findings suggest that there is abnormal return surrounding announcement date and the motivation is consistent with undervaluation signaling. Moreover, the results of spreading window present the possible of information leakage prior to the announcement date. In long-term, the results reveal that there are evidences of abnormal price performance of both Buy-and-Hold Abnormal Return (BHAR) and Calendar-time portfolio Abnormal Return (CTAR) methodology, implying that market is under reaction to the share repurchase announcement and stock price is slowly adjusted in long-term. As a result, we suggest investors to invest in share repurchase a few days after the announcement date and hold it in long-term.