

Independent Study Title	SENSITIVITY OF INVESTOR REACTION TO MARKET DIRECTION AND VOLATILITY: DIVIDEND CHANGE ANNOUNCEMENTS
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ABSTRACT

The investors make a decision to invest in some particular stocks by considering the dividend news and other available information of each firm. They also take market condition and behavioral finance factors into account. This study aims to examine the influence of recent market direction and recent market volatility to the investors' reactions on the firm's dividend news by analyzing the cumulative abnormal return from dividend change announcement of companies in Stock Exchange of Thailand (SET) during 2001 to 2013. The study finds that the increasing and decreasing dividend announcements generate the higher stock return when the market is up and more volatile. The result does not support the market under-reaction and overreaction theory that the investors underreact to the good news in bad times and overreact to the bad news in good times.

Keywords: Dividend announcements, market direction, market volatility, stock return