

Independent Study Title	RETAIL INVESTORS AND EQUITY PRICES: EVIDENCE FROM A RETAIL DOMINANT EMERGING MARKET
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### **ABSTRACT**

This paper investigates the differential impact of the retail investor flows on different market segments with the unique characteristics and performance by using daily series of retail flows and stock returns on the Stock Exchange of Thailand (SET), a retail dominant emerging market between January 1995 and December 2013. Using a VAR framework, the study finds that retail flows have significantly negative impact on the stock returns especially stocks inside SET50 as retail investors usually trade against institution and foreign investors. Furthermore, stocks with high retail investor interests tend to have more positive retail flow betas which measure stock return sensitivity to retail investor flow shocks. The results indicate that higher retail flow betas, lower market capitalization and negative return skewness.

**Keywords:** Retail investors, Retail portfolio flows, Emerging markets