

Seasonality in the Thai stock market: the lottery effect

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Abstract

This study focuses on the influence of the lottery day effect in the Thai stock market. Daily stock index of the Stock Exchange of Thailand (SET) from January 1, 1990 to October 3, 2018 are used to examine the impact of the lottery effect on the return and volatility of the stock indices. For robustness test, we also investigate this effect in three periods, the Asian financial crisis period, the global crisis period, and the whole period. Using the GARCH(1,1) and TGARCH(1,1) models, the results show that there is the persistence of volatility and volatility patterns of clustering, asymmetry and leverage effect in the Thai context. The results significantly suggest that lottery day is priced as a systematic risk factor in the Thai stock market and plays an important role to predict the future returns and volatility for the Asian crisis period.

Keywords

Market efficiency, investor sentiment, market anomaly, GARCH, Thailand