

Abstract

This paper examines the value of technical trading strategies across firms in five size quintile groups in the Stock Exchange of Thailand between 1998-2006. The construction of size quintiles is to proxy for different levels of information asymmetry. The Sharpe ratio and breakeven transaction costs are used to evaluate trading rules based on the Daily Moving Average (DMA) and the Moving Average Convergence Divergence (MACD) relative to the performance of a benchmark naïve Buy and Hold strategy. The paper finds empirical evidence that technical trading strategies are more successful when applied to small cap stocks suggesting that informational efficiency is not shared evenly across all market segments. The result is robust to tests of time varying returns using bootstrap methodology.