

Are stock market returns related to the weather effects?

Empirical evidence from Thailand

ABSTRACT

This study employed model with GJR-GARCH process to investigate the relationship between weather factors and stock market returns in Thailand during May 4th 1992 to December 30th 2008. The weather factors include temperature, humidity, and rain. Based on these 3-weather factors, the results show negative relationship between temperature and stock market returns and no relationship for humidity and rain. This study has significant implications for both individual investors and financial institutions in Thai stock market. This study implies that Thai stock market may be inefficient due to the irrationality (temperature effect) in the market.