EARNINGS ANNOUNCEMENT AND WEEKEND EFFECT: EVIDENCE FROM STOCK EXCHANGE OF THAILAND

BY

MR. WUTHIPONG LUCKKANALAWAN

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF SCIENCE
PROGRAM IN FINANCE (INTERNATIONAL PROGRAM)
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ABSTRACT

This paper examines the distraction hypothesis is proposed by Hirshleifer, Lim and Teoh (2009) by investigating stock price reaction and volume response around holidays and weekends. In US stock market, Dellavigna and Pollet (2009) and Hirshleifer, Lim and Teoh (2009) find investors' inattention in events of earnings announcement. This paper uses data between 2005 and 2014 to examine whether investors in the Stock Exchange of Thailand are distracted before holidays and weekend and are not responsive to earnings surprises. The research does not find that Thai investors have inattention to the earnings surprises launched which is consistent with Udompongluckana (2012) study. Although the immediate volume response of the distracted day would be lower than the response of normal day, the price reactions in immediate response of distracted day give higher sensitivity than normal day (but it is not statically significant). Moreover, this study does not find the statistically significant difference on the companies' earnings surprises between normal day and distracted day.

Keywords: Distraction, Holiday, Earnings announcement, Investors' inattention

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Mr. Wuthipong Luckkanalawan

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CHAPTER 1
INTRODUCTION

Investors make an investment decision based on available information. When information is published, investors usually take into account such information and react to the stock price. However, investors also have limited effort, mind and time to gather all the information. Investors' attention involves human behavioral which explains that the attentions of human can be distracted from external environment. The study of Dellavigna and Pollet (2009) finds that investors are distracted from the market caused by Friday, which is the last working day of week. On the other hand, Hou, Peng, and Xiong (2009) and Hirshleifer, Lim and Teoh (2009) observe investors' distraction by using down market period and the number of announcement events in a day, respectively to justify distracted environment.

When investors are highly distracted their attention, the reactions to stock prices to any news released on such period are expected to be delayed compared to the reactions to news launched in the normal period. Hence, investors' responses to news on high distraction days can be foreseen to be less reaction. During earnings announcement period, level of earning can surprise investors either positive or negative surprise. Therefore, the investor attention would play important role to stock price reactions during the period of earnings announcement. During earnings announcement season, investors carefully pay attention to earnings performance of companies. They, then, buy(sell) stocks that have higher(lower) earnings than their expectations.

On the other hand, in a view of listed companies, Damodaran (1989) finds that firms, who report earnings and dividends on Friday, are more likely to report a reduction of earnings. One of possible explanations for this behavior is that there are two Non-trading days (Saturday and Sunday) for investors before making decision on following Monday. The bad news launched on Friday allows investors to absorb and to realize how good or bad the news is during weekends. When a company gives surprising news to market on Friday, the two-day gap giving to investors allows investors to digest the news and react on the next business day. With this explanation,

the market overreaction/underreaction in post-earning announcement period should be lower and the price should rationally moves into steady level faster than market reaction to news released in other days of announcement.

The overreaction in financial market conceptually is the excessive change in the stock return or price that occurs when new information is announced and the stock return would revert to proper level. On the other hand, the study of De Bondt and Thaler(1985) and other studies, find significant excess return by buying the stocks at the date that companies announce positive news and selling for negative news. The excess return is called market underreaction. Information asymmetry is used to explain overreaction/underreaction in stock market.

In Thailand, the abnormal returns after earnings announcement period are found in many studies such as Udomponglucka na (2012) and Tanasittipan (2013). Firstly, Udomponglucka na (2012) studies Thai investors' distraction by counting the number of earning announcement events in a day and use them to identify level of distraction environment in such day. Although the result from the test cannot conclude that the market reacts less during announcement period, the reactions in post-earnings announcement period show significantly that post-earnings announcement reactions in high distraction day are stronger than low distraction day which are consistent with Hirshleifer, Lim and Teoh (2009).

Secondly, the reactions of market and analysts to earning estimation are investigated by Tanasittipan (2013). The author observes stock price reactions after announcing earnings surprise in two different groups, SET50 and Non-SET50 groups. The results find post-earnings announcement drift due to negative earnings surprises in both SET50 and Non-SET50 groups. However, for positive earnings surprises, stock price reactions for Non-SET50 group show a return reversal pattern which is different from SET50 groups.

In Thailand, although the market reactions to earnings announcement are tested by Tanasittipan(2013) and the investors' distraction caused by the number of news in a day is carried out by Udomponglucka na(2012), the distraction from weekend is not explicitly investigated in Thailand. Thus, the environment of distraction coming from weekend and holiday is very interesting whether it is meaningful to Thai investors or not. Moreover, Thai stock market normally stops

trading on national holidays which the average number of national holidays is 16 days a year. Thai investors, subsequently, are potentially distracted more by higher amount of holidays compared to investors in New York Stock Exchange (NYSE), Bursa Malaysia Stock Exchange, HoChiMinh Stock Exchange and Singapore Stock Exchange.

What is it going to happen if companies decide to announce in the Non-trading period? Francis, Pagach and Stephan(1992) discovers that stock price and volume after announce news in Non-trading hours do not react rationally at the immediately following business day. According to Francis, Pagach and Stephan(1992), the distraction due to Non-trading hour announcement is foreseen to be high. Intuitively, investors in holidays do not pay attention in news in market as much as trading hours and the study finds stock prices after Non-trading hours announcement react less than they are expected at immediate opening hour and adjust to proper level at following time. The trading volume response also has consistent result which the volume is less compared to the volume reacted to trading hours news.

This study's main objective is to investigate SET's stock prices reaction during earnings announcement period arranged by level of earnings announcement surprise between 2005 and 2014. The main questions of this study consist of the following. First, is there an abnormal return after earning-announcement date? Second, is an earnings announced on Friday and day before holiday different from the others? If abnormal return exists, third, whether the reaction on stock price to earnings surprises announcement on Friday and on the day before holiday have difference comparing to others day of announcement or not.

From these questions, this study expects to give benefits in various prospects. Initially, this study can give better understanding of market reaction when the earnings are announced. In addition, this study can provide the evidence whether, in Thailand, earnings announcement on a day before holiday is meaningful or not. The investors and companies can get evidence of the market reaction concerning earnings announcement on Friday and/or a day before holiday. Moreover, investors can use this study to improve their portfolio investment strategy. They can plan schedule of buying and selling stock during earnings announcement and they will have better understanding to reaction of stocks during earnings announcement.

This study rejects the distraction hypothesis as it does not find the investor inattention due to earnings announcement before weekends and/or holiday. The immediate price reactions on distraction days have high sensitivity than the reaction on normal day, but the differences of them are not statistically different. The volume reaction of distracted days seems to be in the same direction with distraction hypothesis, but we cannot conclude that there is investors' inattention in Thai Stock Market from 2005 to 2014.

CHAPTER 2
REVIEW OF LITERATURE

There are many studies on the market reaction after earning announcement around the world. Ball and Brown (1968) is the first literature that mentions abnormal return after the earnings announcement. Ball and Brown (1968) estimates cumulative abnormal return after firms announce either good news or bad news. De Bondt and Thaler (1985) then finds the excessive reactions either positive or negative change or it impacts to the stock price overreaction. The overreaction is explained that investors react to news or information too much that it leads to changing in the stock price too aggressive. The stock price reverses to appropriated price in following period.

The earnings announcement events frequently give either good news or bad news to investors. The level of surprising news to market is involved to how large stock prices change. Measurements of level of earnings surprises in recent studies are different in previous literatures. Conceptually, the earnings surprise is measured by the difference between actual earnings and expected earnings. Chordia, Goyal, Sadka, Sadka, and Shivakumar (2009) measures earnings surprises from the difference between actual earnings and the previous earnings in the same quarter of previous year and normalize the difference, while Tanasittipan (2013) uses the normalization of the difference between actual earnings and median of consensus earnings from various analyst forecasts prior to such earnings is announced.

In Thailand, Sathayai (2007) observes abnormal return and volume on the two Thai Trading Boards concerning earning announcement period. In Sathayai (2007)'s study, volume trading and timing of the announcement are treated as independent variables which do not capture level of announcement surprises. However, Tanasittipan (2013) observe the reaction of stock prices during post earnings announcement grouped by magnitude of earning surprises. Tanasittipan (2013) finds the Post-Earnings Announcement Drift (PEAD) in stocks in SET50 groups. All of them conduct event study technique in their studies. The result shows the cumulative abnormal return after earnings announcement events when SET50 and Non-SET50 companies announce negative earnings surprises. For positive earnings surprises,

SET50 also give a result of post-earnings announcement drift but the Non-SET50 group has reverse reaction after positive earnings surprises.

Moreover, a day of week which company choose to announce earnings is statically meaningful according to Damodaran(1989)'s study. The study finds that companies are more likely to report a reduction of earning on Friday. Moreover, the price of stocks, due to Friday's announcement, adjusts more slowly comparing to other reactions in other announcement days. Damodaran(1989)'s finding is consistent with the study of Dellavigna and Pollet (2009), which observes the investors' inattention in the US. Market at the earnings announcement news reported to public. They find a delay in price reaction after earnings announcement of companies announcing on Friday.

The limited attention of human being is developed by psychologist and Stroop(1935) conducts experiment to investigate human attention. In Stroop(1935)'s study, the author prints a color word which does not match with the color of the ink used and another printed document which the word and the ink are consistent. The sampling people are asked to read the name of color and the finding is participants take longer time for inconsistent one. The limited attention is applied from psychology to financial point of view. The limited attention in financial market is found in many literatures. Barber and Odean (2008) indicates trading behavior of individual investor for stocks which they pay attention to. The main finding is that investors are more likely to buy attention stocks more than to sell.

Hirshleifer and Teoh (2003) investigates investors' inattention when there is a distraction environment. The testing is conducted to reaction of investors to information disclosure, especially financial reporting and market trading where the number of earnings announcement news is used to identify level of distraction environment. Dellavigna and Pollet (2009) and Hou, Peng, and Xiong (2009) explains that investors are distracted by weekend and down market period, respectively. The distraction hypothesis is employed to justify whether there exist investors' distraction during earnings announcement or not.

According to Dellavigna and Pollet (2009)'s finding, the result of distraction leads to delaying reaction in stock price and volume. Therefore, the immediate response of Friday earnings announcement is slower than the other day of earnings

announcements and abnormal trading volume of stocks in high distraction day has significantly low compared to low distraction day. This phenomenon is proposed by Hirshleifer, Lim and Teoh (2009) as distraction hypothesis. Dellavigna and Pollet (2009), Hirshleifer, Lim and Teoh (2009), and Hou, Peng, and Xiong (2009) find the evidence are consistent with distraction hypothesis. In Thailand, Udompongluckana (2012) studies Thai investors' inattention by using the number of earnings announcement of each day to be proxy for distraction environment. The study tests distraction hypothesis and finds that the market reacts more in post-earnings announcement period which shows limited attention to news in a day.

2.1 Investor Distraction Hypothesis

The attention of human being is firstly explained by psychologists. The famous literature is Stroop(1935). The author investigates limited attention of human from an experiment. In financial point of view, limited attention is applied to capability of investors to process information. Hirshleifer, Lim and Teoh (2009) proposes investor distraction hypothesis. Investors have limited mind and attention to react to incoming information and investors can be distracted by external environment. It leads to delaying of action to any information released. In Hirshleifer, Lim and Teoh (2009) and Dellavigna and Pollet (2009), both two studies find in US market, stock prices react to earnings surprises with underreaction pattern. Therefore, the results from investors' distraction can be indicated three parts as follows:

(1) Sensitivity of the announcement abnormal return decreases

(2) Trading volume on the highly distracted day decreases

(3) Sensitivity of the post-earnings announcement drift to news increase

Hirshleifer, Lim and Teoh (2009) use this hypothesis to find the investors' distraction. The number of announcement events in each day is used as a proxy of distraction. Higher number of companies announces earnings; higher distraction is implied in such day. However, Dellavigna and Pollet (2009) finds the distraction on Friday announcement.

2.2 Market Overreaction and Underreaction Hypothesis

The market overreaction hypothesis is used to explain that investors react to surprising information too strong either bad or good news. The stock prices which their good (bad) news surprise market go up(down) too much compared to magnitude of surprising news. Subsequently, when the market realizes fundamental value of such stocks, the stock price will be collected to appropriated level.

On the other hand, the market underreaction hypothesis states about less reaction of stock price to surprising news. The stock price immediately reacts to surprising news less than proper level. However the stock price will come to appropriated price considering news announced.

CHAPTER 3
RESEARCH METHODOLOGY

3.1 Data

From 538 listed firms in stock exchange of Thailand, according to quarterly analysis forecast provided by Bloomberg over from 2005 to second quarter of 2014, there are 3,287 events of earnings surprises during the period and they are categorized into 2 main groups, Non-Distracted and Distracted groups. Each group is also grouped into groups of SET50 and Non-SET50.

The stock prices of each event are extracted with a period of 31 days prior and 41 days after announcement covering around 1.5 months prior announcement and 2 months after announcement.

Table 3.1 Summary of earnings surprises

Table 3.1 shows the summary of earnings surprises events during 2005-2014. The earnings announcement surprises are classified into Non-Distraction group and Distraction group. The events are also divided into subgroup of SET50 and Non-SET50.

	Non-Distracted group (Normal Day)			Distracted Group (Low and High Distraction Day)		
	All	SET 50	Non-SET50	All	SET50	Non-SET50
Event	2,363	1,115	1,248	924	441	483
Mean	-3.86%	-1.33%	-6.11%	2.44%	-2.81%	7.24%
Median	0.00%	1.00%	-0.40%	0.70%	1.43%	0.00%
SD	56.38%	48.00%	62.87%	69.82%	57.17%	79.4%
Skewness	-0.43	-0.58	-0.31	0.08	-1.23	2.22
Max	366.00%	344.97%	366.00%	388.00%	385.45%	388.00%
Percentile 80	19.46%	17.12%	20.64%	25.31%	20.00%	34.50%
Percentile 60	4.51%	5.33%	2.84%	5.12%	4.64%	23.90%
Percentile 40	-4.33%	-2.62%	-6.28%	-3.05%	-2.07%	-4.40%
Percentile 20	-25.01%	-18.33%	-32.00%	-22.98%	-17.92%	-25.54%

Min	-366.33%	-361.54%	-366.33%	-364.45%	-364.45%	-303.70%

Table 3.1 illustrates mean, median, standard error, and skewness of earnings surprises in 4 different subgroups. The maximum level of positive earnings surprises are located in the subgroup of Non-SET50 of Distracted group, whereas the median of earnings surprises is nearly close to zero in each group.

3.2 Calculation of Earnings Surprises

The average abnormal return is grouped into five quintile which sorted by level of earning surprise. Most of recent papers, Truong (2011), measured magnitude of the earning surprise by using difference between earning announcement and consensus earnings forecast and normalizing it. This study also measures earnings surprises by using Tanasittipan (2013) method as follow:

$$ES_{jq} = \frac{e_{jq} - F_{jq}}{|F_{jq}|} \quad (6)$$

Where: ES_{jq}= earnings surprises of company j announced in quarter q

e_{jq} = earnings per share of company j announced in quarter q

F_{jq} = consensus Forecast of company j announced in quarter q

3.3 A Day before Holidays Earnings Announcement

The level of distraction can be specified by using the number of Non-trading day following such earning announcement. Earnings announcement between Mondays to Thursdays except days before public holidays is defined as a normal announcement event. On the other hand, Friday announcements and days before short holiday (1 and 2 days) are classified as low distraction day. Finally, any announcement events which are followed by 3 or more Non-trading days are classified as high distraction day. The earnings announcement records are grouped into 3 groups depending on the announcement date, “Normal announcement” (Non-Friday or holiday), “Short Holiday” (a day before short holiday group such as Friday prior normal weekend), and “Long Holiday” (a day before long holiday such as Friday prior weekend and public holiday in Monday).

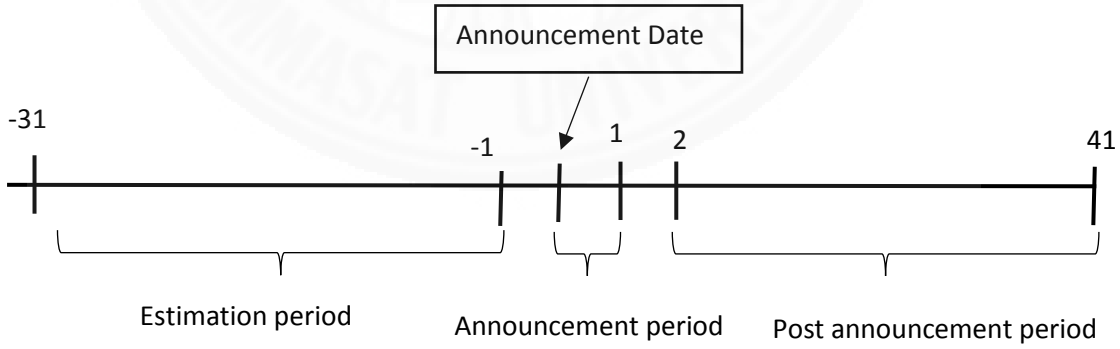
Secondly, events of earnings announcement are planned to categorize into 5 quintiles. The Fifth quintile (5) contains events that the announcements are highly positively surprised on earnings announced, which is good news. The middle quintile (3) is indicated for a group of Non-surprising events and the last quintile (1) is a group of events which are highly negatively surprised. The top and bottom quintiles are employed to investigate in the further stage.

3.4 Abnormal Return

This study conducts by using event study technique to analyze abnormal return after earning announcement period. The methodology comprises of 3 main stages as follows:

1. Market Model Estimation
2. Calculation of abnormal return and cumulative abnormal return
3. Hypothesis Testing

This study is planned to conduct these 3 main steps to verify distraction hypothesis. On the other hand, the investigation on distraction hypothesis may be investigated by using OLS technique which Dellavigna and Pollet (2009) and Hirshleifer, Lim and Teoh (2009) employ OLS regression with dummy variables to see the sensitivity.



3.4.1 Market Model Estimation

According to daily data of stock price, the return of stocks j at time t (R_{jt}) is calculated from

$$R_{jt} = \ln(\frac{P_{jt}}{P_{j,t-1}}) \quad (1)$$

Where P_{jt} = closing price of a stock j at day t

$P_{j,t-1}$ = closing price of a stock j at day t-1

We estimate market model in estimated period by using data t = -31 to t = -1. The number of estimation period for return is 30 days in total and it is also consistent with the estimation on trading volume. The market model is estimated by using OLS estimator.

$$R_{jt} = \alpha_j + \beta_j R_{mt} + \varepsilon_{jt} \quad (2)$$

Where R_{jt} = Return of stock j at time t

R_{mt}= Return of market portfolio (SET) at time t

ε_{jt} = Stochastic error term of stock j at time t

The abnormal return and cumulative abnormal return in announcement period and post announcement period can be calculated as follows:

$$AR_{jt} = R_{jt} - (\widehat{\alpha_j} + \widehat{\beta_j} R_{mt}) \quad (3)$$

Where AR_{jt} = Abnormal return of stock j at time t

R_{jt} = Return of stock j at time t

R_{mt} = Return of market portfolio at time t

3.4.2 Calculation of Cumulative Abnormal Return

$$CAR_j[t_1, t_2] = \sum_{t=t_1}^{t_2} AR_{jt} \quad (4)$$

$$ACAR_j[t_1, t_2] = \frac{1}{N}\sum_{t=t_1}^{t_2} AR_{jt} \quad (5)$$

Where $CAR_j[t_1, t_2]$ = Cumulative abnormal return of stock j between time t_1 and t_2

$ACAR_j[t_1, t_2]$ = Average cumulative abnormal return of stock j between time t_1 and t_2

N = the number of announcement

3.4.3 Hypothesis Testing

First Hypothesis: whether average cumulative abnormal return is equal to zero and there are some differences in cumulative abnormal return between normal day and distraction day.

According to distraction hypothesis, the distraction environment would initiate differences of the abnormal return between normal day and high distraction day in announcement period and post-announcement period. Firstly, the abnormal return of announcement period [0, 1] of high distraction day is relatively less sensitivity than normal day. Secondly, the following reaction, post-announcement period (2, 41), of high distraction is higher than normal day. Therefore, the differences between normal day and high distraction day both announcement period and post-announcement period can investigate distraction hypothesis. The test is planned to carry out separately between bad news and good news, which are 1st quintile and 5th quintile, respectively.

Second Hypothesis: whether average earnings announcement on Friday and a day before holiday is equal to Normal Announcement group

H_0: $ES_j^D - ES_j^N = 0$

Where: ES_j^D = earnings surprise of company j announced in quarter announced on distraction day (Low and High distraction)

ES_j^N = earnings surprise of company j announced in quarter announced on normal day

3.5 Volume response

Abnormal trading volume over the period of earnings announcements in Thailand is observed by Sathayai (2007). The trading volume is one of mechanisms to drive price adjustment. This study investigates on abnormal trading volume after earnings announcement event or immediate response on trading volume. If there is investors' inattention on earnings announcement of a day before holiday day, the immediate response on trading volume of distraction day is expected to be lower than the immediate trading volume of normal day as per distraction hypothesis. The

abnormal volume and cumulative abnormal volume are measured by the approach of Bailey, Mao, and Sirodom (2004) as follows:

$$AV_{jt}=\frac{\left[(V_{jt})-\sum_{u=T-30}^{T-1}(V_{ju})/30\right]}{\sum_{u=T-30}^{T-1}(V_{ju})/30} \quad (7)$$

Where : AV_{jt} = Abnormal volume at day t of company j

V_{jt} = trading volume on day t of company j

V_{ju} = trading volume on day u of company j which announces earnings at day T

And $$CAV_j[t_1,t_2] = \sum_{T=t_1}^{t_2} AV_{jt} \quad (8)$$

$$ACAV[t_1,t_2] = \frac{1}{N}\sum_{T=t_1}^{t_2} AV_t \quad (9)$$

Where : $CAV_j\ [t_1,t_2]$ = Cumulative Abnormal volume when t is the date of the earnings announcement of company j

N = number of announcement event

The abnormal volume in the period of announcement date is considered from day 0 to 1 to cover the event period. The cumulative abnormal volume will be calculated from announcement date and one day after [0,1]

Hypothesis Testing

Third Hypothesis: whether cumulative abnormal volume in announcement period is equal to zero and there are some differences in abnormal volume in announcement period between normal day and high distraction day.

H_0: $ACAV_j[t_1,t_2] = 0$

As per distraction hypothesis, the abnormal volume in announcement period in distracted days would be lower than in normal days.

Fourth Hypothesis: whether abnormal volume of distracted group in announcement period is equal to Non-distracted group and there are some differences in cumulative abnormal volume between normal day and distraction day

The top and bottom quintile are used to test whether there is abnormal volume around earnings announcement or not. We expect to see abnormal volume around earnings announcement which is consistent with Sathayai (2007). Moreover, both parametric and Non-parametric test will be used to statistically identify difference of abnormal volume from Short Holiday, Long Holiday and normal announcement. The Two Sample T-Test and Wilcoxon Rank Sum Test are planned be employed. The abnormal volume in top/bottom quintile of earnings surprises between normal day and holiday will be tested to investigate the difference.

In Thailand, the number of national holidays in average is 16 days a year. Thai investors, subsequently, are potentially distracted more by higher amount of holidays comparing to New York Stock Exchange (NYSE), Bursa Malaysia Stock Exchange, HoChiMinh Stock Exchange and Singapore Stock Exchange. The Table 3.2 gives an example for the number of public holidays of New York Stock Exchange and ASEAN countries between 2012 and 2014.

Table 3.2 Number of public holidays

Table 3.2 shows the number of public holiday (Non-trading day) of New York stock exchange and the stock markets in ASEAN countries from 2012 to 2014

	2012	2013	2014
New York Stock Exchange (NYSE)	9	9	9
Bursa Malaysia Stock Exchange (Malaysia)	11	13	12
HoChiMinh Stock Exchange (Vietnam)	9	9	10
Indonesia Stock Exchange	15	17	17
Philippine Stock Exchange	14	13	15
Singapore Stock Exchange	8	11	10
Stock Exchange of Thailand	16	16	16

This study conducts by focusing on listed companies in Stock Exchange of Thailand (SET) and eliminates incomplete set of data such as illiquidity stock between 2005 and 2014. The stocks in Market of Alternative Investment (MAI) are not included to avoid the illiquidity problem and potential problem with availability of

information. The price of the stocks is extracted from DataStream Database. However, the earnings announcement and expected consensus earnings of analysts is planned to use from Bloomberg Database.

CHAPTER 4
RESULTS AND DISCUSSION

4.1 Cumulative Abnormal Return

From the total number of earnings announcement, the estimation of market reaction to earnings surprises is tested on the first quintile (positive surprises) and bottom quintile (negative surprises) of the set of data. The result of average cumulative abnormal return is shown in Table 4.1.

Table 4.1 Average Cumulative Abnormal Return

Table 4.1 shows the average cumulative abnormal return of 4 subgroups, negative surprises in SET50, negative surprises in Non-SET50, positive surprises in SET50 and positive surprises in Non-SET50. The table represents the average cumulative abnormal return from day 1 to day 41 (CAR[0,1] to CAR[0,41]).

SET50 Negative Surprises			Non-SET50 Negative Surprises			SET50 Positive Surprises			Non-SET50 Positive Surprises		
Day	CAR	P-Value	Day	CAR	P-Value	Day	CAR	P-Value	Day	CAR	P-Value
1	-0.62%	0.001***	1	-1.81%	<.0001***	1	0.98%	<.0001***	1	1.04%	<.0001***
2	-0.64%	0.0039***	2	-2.00%	<.0001***	2	0.94%	0.0003***	2	1.02%	<.0001***
3	-0.51%	0.0367**	3	-1.83%	<.0001***	3	0.81%	0.0032***	3	1.06%	<.0001***
4	-0.68%	0.011**	4	-1.69%	<.0001***	4	0.67%	0.0353**	4	0.97%	0.0009***
5	-0.59%	0.0441**	5	-1.39%	0.0006***	5	0.78%	0.0217**	5	0.88%	0.0071***
6	-0.62%	0.0461**	6	-1.36%	0.0014***	6	0.82%	0.0204**	6	0.67%	0.051*
7	-0.72%	0.0307**	7	-1.23%	0.004***	7	0.89%	0.0229**	7	0.67%	0.081*
8	-0.75%	0.0366**	8	-1.07%	0.0213**	8	0.87%	0.0347**	8	0.49%	0.2432
9	-0.74%	0.0469**	9	-1.31%	0.0072***	9	0.78%	0.0701*	9	0.31%	0.4785
10	-0.90%	0.027**	10	-1.45%	0.0036***	10	0.88%	0.0599*	10	0.35%	0.4536
11	-0.70%	0.0927*	11	-1.44%	0.0069***	11	0.72%	0.1382	11	0.36%	0.4567
12	-0.85%	0.0505*	12	-1.22%	0.0304**	12	0.68%	0.175	12	0.37%	0.4663
13	-0.80%	0.0779*	13	-1.23%	0.0421**	13	0.82%	0.1193	13	0.23%	0.6698
14	-0.85%	0.0671*	14	-1.16%	0.0682*	14	0.84%	0.1231	14	0.05%	0.9249
15	-0.67%	0.1593	15	-1.24%	0.0619*	15	0.97%	0.0811*	15	-0.13%	0.8216
16	-0.77%	0.1154	16	-1.18%	0.0843*	16	0.90%	0.1104	16	-0.20%	0.7432
17	-0.64%	0.1963	17	-1.08%	0.1271	17	0.81%	0.1549	17	-0.26%	0.6761
18	-0.62%	0.229	18	-1.11%	0.1287	18	0.68%	0.2527	18	-0.52%	0.4034
19	-0.49%	0.3611	19	-1.10%	0.1426	19	0.66%	0.2801	19	-0.71%	0.2716
20	-0.40%	0.4842	20	-1.21%	0.1149	20	0.54%	0.4008	20	-0.67%	0.3108
21	-0.55%	0.3504	21	-1.25%	0.1233	21	0.34%	0.6026	21	-0.69%	0.3133

22	-0.45%	0.4389	22	-1.23%	0.139	22	0.44%	0.5198	22	-0.77%	0.2701
23	-0.29%	0.631	23	-1.29%	0.1329	23	0.54%	0.4511	23	-0.82%	0.2603
24	-0.12%	0.8534	24	-1.51%	0.0804*	24	0.42%	0.5601	24	-0.74%	0.3212
25	-0.22%	0.7241	25	-1.64%	0.0666*	25	0.60%	0.4204	25	-1.02%	0.1898
26	-0.44%	0.4952	26	-1.78%	0.054*	26	0.77%	0.3094	26	-1.03%	0.1913
27	-0.54%	0.4207	27	-1.81%	0.0527*	27	0.76%	0.331	27	-0.96%	0.2368
28	-0.73%	0.289	28	-1.94%	0.041*	28	0.79%	0.3278	28	-1.03%	0.219
29	-0.56%	0.4355	29	-1.81%	0.0659*	29	0.66%	0.4208	29	-1.23%	0.1556
30	-0.47%	0.525	30	-1.66%	0.102	30	0.59%	0.4915	30	-1.26%	0.1572
31	-0.49%	0.5131	31	-1.62%	0.1175	31	0.50%	0.5676	31	-1.19%	0.1874
32	-0.56%	0.4554	32	-1.46%	0.1642	32	0.47%	0.6005	32	-1.28%	0.1654
33	-0.52%	0.4922	33	-1.20%	0.2605	33	0.45%	0.6293	33	-1.05%	0.2591
34	-0.67%	0.3897	34	-1.07%	0.3291	34	0.64%	0.5048	34	-1.02%	0.2807
35	-0.61%	0.4484	35	-1.01%	0.3693	35	0.76%	0.4243	35	-1.16%	0.2415
36	-0.56%	0.4954	36	-1.02%	0.372	36	0.56%	0.5602	36	-1.05%	0.3001
37	-0.64%	0.4475	37	-1.07%	0.3542	37	0.80%	0.4269	37	-0.78%	0.4604
38	-0.68%	0.4217	38	-1.12%	0.3427	38	0.86%	0.3961	38	-0.71%	0.5017
39	-0.53%	0.5412	39	-1.18%	0.3295	39	0.73%	0.4759	39	-0.94%	0.3887
40	-0.38%	0.6644	40	-1.38%	0.2612	40	0.61%	0.5595	40	-0.89%	0.4252
41	-0.40%	0.6556	41	-1.52%	0.2233	41	0.51%	0.6332	41	-0.98%	0.3803

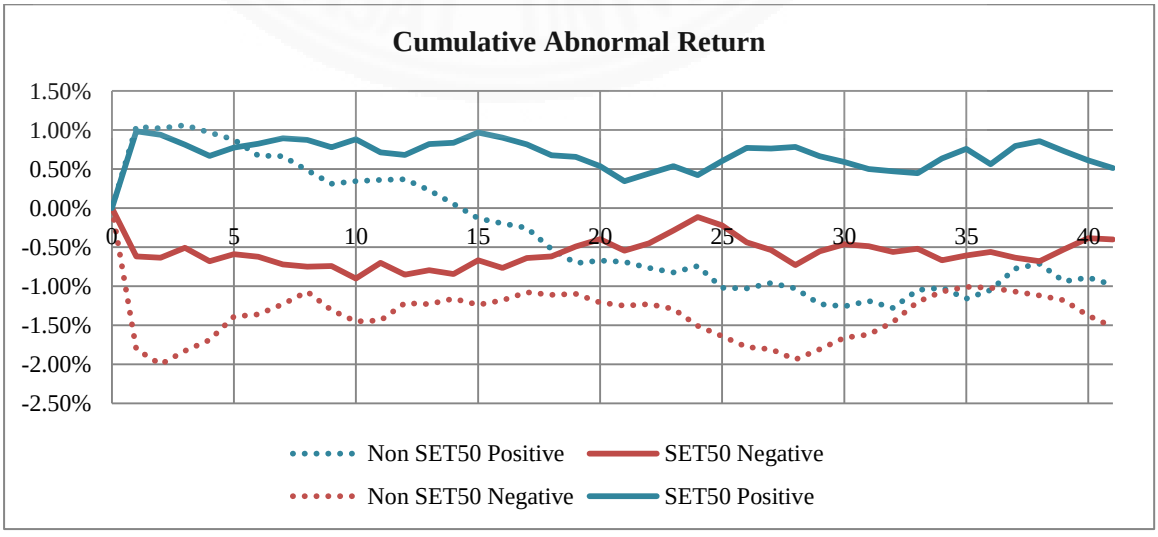
* At 10% Significant level

** At 5% Significant level

*** At 1% Significant level

Figure 4.1 Cumulative Abnormal Return to Positive and Negative Earnings Surprises

Figure 4.1 shows the cumulative abnormal return of the highly positive surprises and highly negative surprises. The cumulative abnormal returns of both positive and negative earnings surprises are grouped into SET50 and Non-SET50.



According to Table 4.1, for SET50 group, the average cumulative abnormal return of negative earnings surprises and positive earnings surprises are statistically significant until day 14 and day 10, respectively, while for Non-SET50 group, they are significant over first 16 days and 7 days after the negative and positive earnings surprises, respectively. From the average cumulative abnormal return of both highly positive and negative earnings surprises, in figure 1, the investors' response to positive and negative of Non-SET50 group are similar to market overreaction pattern which would excessively react to negative news and it would reduce to its proper level.

For the SET50 firms, there is some evidence of post-earnings announcement drift with positive surprises and it has a weaker drift pattern with negative surprises. From the distraction hypothesis, if investors' inattention in the market exists, the immediate reaction of the distraction day is expected to be less sensitivity than normal day. For the post-earnings announcement drift, the following price responses of distraction day will have higher sensitivity than normal announcement.

Since the events of highly positive and negative surprises are classified by level of distraction which are normal announcement day, Short Holiday (1 and 2 holidays, low distraction), and Long Holidays (more than 2 holidays, high distraction), the mean of cumulative abnormal return of each group is shown in Table 4.2.

Table 4.2 Test Cumulative Abnormal Return

Table 4.2 shows cumulative abnormal return from groups categorized by SET50 and distraction levels. The cumulative abnormal return due to the negative announcement events is calculated separating with positive announcement events.

Earnings Surprises	**Group**		**Variable**	**Mean**	**P-Value**
Negative	SET50	Short Holiday	CAR[0,1]	-0.747%	0.1134
		Short Holiday	CAR[2,21]	0.670%	0.5360
		Short Holiday	CAR[2,41]	1.425%	0.4738
		Long Holiday	CAR[0,1]	-0.768%	0.1402
		Long Holiday	CAR[2,21]	0.264%	0.8753
		Long Holiday	CAR[2,41]	0.396%	0.8819

Earnings Surprises	Group		Variable	Mean	P-Value
		Normal Announcement	CAR[0,1]	-0.565%	0.0105**
		Normal Announcement	CAR[2,21]	-0.118%	0.8619
		Normal Announcement	CAR[2,41]	-0.143%	0.8898
	Non-SET50	Short Holiday	CAR[0,1]	-1.765%	0.0010***
		Short Holiday	CAR[2,21]	-0.159%	0.9283
		Short Holiday	CAR[2,41]	0.306%	0.9234
		Long Holiday	CAR[0,1]	-4.205%	0.0399**
		Long Holiday	CAR[2,21]	-0.683%	0.8047
		Long Holiday	CAR[2,41]	-3.08%	0.4426
		Normal Announcement	CAR[0,1]	-1.672%	<0.0001***
		Normal Announcement	CAR[2,21]	0.856%	0.3154
		Normal Announcement	CAR[2,41]	0.508%	0.6976
Positive	SET50	Short Holiday	CAR[0,1]	1.226%	0.0588*
		Short Holiday	CAR[2,21]	-0.593%	0.6473
		Short Holiday	CAR[2,41]	1.101%	0.6032
		Long Holiday	CAR[0,1]	0.975%	0.0599*
		Long Holiday	CAR[2,21]	-3.491%	0.0935*
		Long Holiday	CAR[2,41]	-4.688%	0.0488**
		Normal Announcement	CAR[0,1]	0.912%	<0.0001***
		Normal Announcement	CAR[2,21]	-0.332%	0.6454
		Normal Announcement	CAR[2,41]	-0.449%	0.7261
	Non-SET50	Short Holiday	CAR[0,1]	1.391%	0.0067***
		Short Holiday	CAR[2,21]	-2.897%	0.0893*
		Short Holiday	CAR[2,41]	-4.634%	0.0902*
		Long Holiday	CAR[0,1]	1.621%	0.0136**
		Long Holiday	CAR[2,21]	-0.419%	0.8722
		Long Holiday	CAR[2,41]	-1.198%	0.7230
		Normal Announcement	CAR[0,1]	0.885%	0.0005***
		Normal Announcement	CAR[2,21]	-1.565%	0.0220**
		Normal Announcement	CAR[2,41]	-1.435%	0.2489

* At 10% Significant level

** At 5% Significant level

*** At 1% Significant level

From the Table 4.2, the immediate stock price reactions of negative earnings surprises, CAR[0,1], of SET50 and Non-SET50 in no distraction day (normal announcement) are greater than (less negative than or higher sensitivity than) the reaction in distraction day, both low and high distractions. The result seems inconsistent with distraction hypothesis because the responses of distracted day are more negative than normal day. Moreover the CAR[0,1] of positive earnings surprises of SET50 and Non-SET50 in distracted day are also higher than (higher sensitivity) the CAR[0,1] in normal day.

Table 4.3 Test equality of CAR between three levels of distraction

This table shows the equality testing of CAR among 3 different levels of distraction. Each panel presents results of T-test and Wilcoxon Rank Sum Test testing of SET50 and Non SET50 group. The Panel A illustrates the results of CAR immediately after earnings announcement of the positive and negative surprises for both SET50 and Non SET50 group. Panel B and C show the results of CAR following responses after earnings announcement, [2,21] and [2,41], respectively of the positive and negative surprises for both SET50 and Non SET50 group**.**

Panel A: Test equality of CAR[0,1] (Immediate Response)

Earnings Surprises	**Group**		**N**	**Mean**	**Median**
Negative	SET50	Short Holiday	62	-0.75%	-0.27%
		Long Holiday	27	-0.77%	-1.09%
		Normal announcement	223	-0.57%	-0.62%

Hypothesis Results	**T-Test P-Value**	**Wilcoxon Probability**
H_0: Long Holiday = Short Holiday	0.9786	0.6781
H_0: Long Holiday = Normal Announcement	0.7562	0.5261
H_0: Short Holiday = Normal Announcement	0.7058	0.8905

		N	**Mean**	**Median**
Non-SET50	Short Holiday	74	-1.77%	-1.47%
	Long Holiday	16	-4.21%	-1.61%
	Normal announcement	249	-1.67%	-1.12%

Hypothesis Results	T test P-Value	Wilcoxon Probability
H_0: Long Holiday = Short Holiday	0.0845*	0.3476
H_0: Long Holiday = Normal Announcement	0.0313**	0.2082
H_0: Short Holiday = Normal	0.8707	0.9712

Positive	SET50	Short Holiday	64	1.23%	0.25%
		Long Holiday	25	0.98%	0.46%
		Normal announcement	223	0.91%	0.65%

Hypothesis Results	T-Test P-Value	Wilcoxon Probability
H_0: Long Holiday = Short Holiday	0.8148	0.5902
H_0: Long Holiday = Normal Announcement	0.9255	0.8438
H_0: Short Holiday = Normal Announcement	0.5549	0.6755

			N	Mean	Median
	Non-SET50	Short Holiday	64	1.39%	0.59%
		Long Holiday	26	1.62%	1.38%
		Normal announcement	249	0.89%	0.31%

Hypothesis Results	T test P-Value	Wilcoxon Probability
H_0: Long Holiday = Short Holiday	0.7919	0.4128
H_0: Long Holiday = Normal Announcement	0.3616	0.1410
H_0: Short Holiday = Normal	0.3650	0.3472

* At 10% Significant level

** At 5% Significant level

*** At 1% Significant level

Panel B: Test equality of CAR[2,21] (Following Response)

Earnings Surprises	Group		N	Mean	Median
Negative	SET50	Short Holiday	62	0.67%	0.00%
		Long Holiday	27	0.26%	-0.33%
		Normal announcement	223	-0.12%	-0.06%

Hypothesis Results	T-Test P-Value	Wilcoxon Probability

H_0: Long Holiday = Short Holiday				0.8367	0.9289
H_0: Long Holiday = Normal Announcement				0.8511	0.7131
H_0: Short Holiday = Normal Announcement				0.5748	0.8033
			N	**Mean**	**Median**
	Non-SET50	Short Holiday	74	-0.16%	-0.09%
		Long Holiday	16	-0.68%	-0.78%
		Normal announcement	249	0.86%	-0.53%
				T-Test	**Wilcoxon**
Hypothesis Results				**P-Value**	**Probability**
H_0: Long Holiday = Short Holiday				0.8961	0.6652
H_0: Long Holiday = Normal Announcement				0.6539	0.8112
H_0: Short Holiday = Normal				0.5800	0.8951
Positive	SET50	Short Holiday	64	-0.59%	-0.92%
		Long Holiday	25	-3.49%	-1.34%
		Normal announcement	223	-0.33%	-0.10%
				T-Test	Wilcoxon
Hypothesis Results				P-Value	Probability
H_0: Long Holiday = Short Holiday				0.2326	0.3613
H_0: Long Holiday = Normal Announcement				0.1627	0.1252
H_0: Short Holiday = Normal Announcement				0.8636	0.5162
			N	**Mean**	**Median**
	Non-SET50	Short Holiday	64	-2.90%	-3.32%
		Long Holiday	26	-0.42%	-0.29%
		Normal announcement	249	-1.56%	-1.20%
				T test	Wilcoxon
Hypothesis Results				P-Value	Probability
H_0: Long Holiday = Short Holiday				0.4269	0.4764
H_0: Long Holiday = Normal Announcement				0.6123	0.5952
H_0: Short Holiday = Normal				0.4018	0.4677

* At 10% Significant level

** At 5% Significant level

*** At 1% Significant level

Panel C: Test equality of CAR[2,41] (Following Response)

Earnings Surprises	**Group**		**N**	**Mean**	**Median**
Negative	SET50	Short Holiday	62	1.42%	0.21%
		Long Holiday	27	0.40%	-1.43%
		Normal announcement	223	-0.14%	0.87%

Hypothesis Results	T-Test P-Value	Wilcoxon Probability
H_0: Long Holiday = Short Holiday	0.7675	0.6619
H_0: Long Holiday = Normal Announcement	0.8622	0.8958
H_0: Short Holiday = Normal Announcement	0.4800	0.7407

			N	**Mean**	**Median**
	Non-SET50	Short Holiday	74	0.31%	0.73%
		Long Holiday	16	-3.08%	-2.40%
		Normal announcement	249	0.51%	1.30%

Hypothesis Results	**T-Test P-Value**	**Wilcoxon Probability**
H_0: Long Holiday = Short Holiday	0.6332	0.3868
H_0: Long Holiday = Normal Announcement	0.9454	0.7713
H_0: Short Holiday = Normals	0.9454	0.7713

Positive	SET50	Short Holiday	64	1.10%	0.99%
		Long Holiday	25	-4.69%	-6.23%
		Normal announcement	223	-0.45%	0.95%

Hypothesis Results	**T-Test P-Value**	**Wilcoxon Probability**
H_0: Long Holiday = Short Holiday	0.1174	0.0930
H_0: Long Holiday = Normal Announcement	0.2786	0.0912
H_0: Short Holiday = Normal Announcement	0.5582	0.9945

			N	**Mean**	**Median**
	Non-SET50	Short Holiday	64	-4.63%	-2.34%
		Long Holiday	26	-1.20%	0.17%
		Normal announcement	249	-1.43%	-1.15%

Hypothesis Results	T test P-Value	Wilcoxon Probability
H_0: Long Holiday = Short Holiday	0.4702	0.4931
H_0: Long Holiday = Normal Announcement	0.9529	0.8520
H_0: Short Holiday = Normal Announcement	0.2545	0.3464

* At 10% Significant level

** At 5% Significant level

*** At 1% Significant level

The Table 4.3 shows the equality testing of CAR among 3 different levels of distraction. Each panel presents results of T-test and Wilcoxon Rank Sum Test testing of SET50 and Non SET50 group. The Panel A illustrates the results of CAR immediately after earnings announcement of the positive and negative surprises for both SET50 and Non SET50 group. From the CAR[0,1], we do not find the statistically significant difference of high distraction, low distraction, and normal day which it does not go along with distraction hypothesis. The Panel B and Panel C also find no significant difference of CAR in following day, CAR[2,21] and CAR[2,41]. From the results, we cannot investigate the statistically significant difference in market reaction on abnormal return between normal day and distraction day.

From abnormal return of immediate response and the T-test and Wilcoxon Rank Sum Test, we cannot find market distraction due to holidays and weekend in stock price reaction. Moreover, the differences of following price response among 3 distraction levels are not statistically significant at 10% significant level.

4.2 Earnings Surprises

From the earnings surprises of both positive and negative which announced during 2005 to the second quarter of 2014, there are 1,563 announcements of negative earnings surprises and 1,578 announcements of positive earnings surprise. The result of earning surprises between normal day and distraction day are shown in Table 4.4.

Although the average of earnings surprises of SET50 group in distraction day is less in than normal day, the difference in Panel A of Table 4.4 gives statistically insignificant at 90% confidence. From the Panel B, the positive earnings surprises in

normal days of SET50 and Non-SET50 are also larger than distraction days, in average and median. The results of T-test and Wilcoxon in Panel B also are not statistically significant. Therefore, we cannot conclude that companies, listed in SET50 and Non-SET50, are likely to launch negative earnings announcement.

Table 4.4 Earnings surprise of distraction day and normal day

Table 4.4 shows the result from equality testing between earning surprise in normal day and distraction day (high and low distraction). The Panel A is the result from the equality of negative surprises announced on distraction day and normal day. Panel B shows the equality of positive surprises announced on distraction day and normal day

Panel A: Whether negative surprises of distraction day is equal to normal day

Earnings Surprises	**Group**	**Day of Announcement**	**Mean**	**Median**
Negative	SET50	Holiday	-36.69%	-15.8%
		Normal announcement	-29.94%	-13.9%
t-test		df = 706		Pr = 0.1050
Wilcoxon (Mann-Whitney)				Pr = 0.4141
	Non-SET50	Holiday	-40.86%	-21.30%
		Normal announcement	-42.81%	-22.71%
t-test		df = 861		Pr = 0.6475
Wilcoxon (Mann-Whitney)				Pr = 0.2870

Panel B: Whether positive surprises of distraction day is equal to normal day

Earnings Surprises	**Group**	**Day of Announcement**	**Mean**	**Median**
Positive	SET50	Holiday	24.03%	12.80%
		Normal announcement	24.05%	12.61%
t-test		df = 820		Pr = 0.9939
Wilcoxon (Mann-Whitney)				Pr = 0.3880
	Non-SET50	Holiday	40.21%	20.00%
		Normal announcement	35.03%	18.66%

t-test	df = 756	Pr = 0.2121
Wilcoxon (Mann-Whitney)		Pr = 0.6210

* At 10% Significant level

** At 5% Significant level

*** At 1% Significant level

4.3 Volume Response

The immediate response of abnormal trading volume after earnings announcement is investigated by separating positive surprises and negative earnings surprises.

Table 4.5: Cumulative Abnormal Trading Volume

Table 4.5 shows the cumulative abnormal volume of the different levels of distraction. The cumulative abnormal volume is investigated at immediate volume response, measured from announcement day to the day after announcement (CAV[0,1]).

Earnings Surprises	Group		Variable	Mean	P-Value
Negative	SET50	Short Holiday	CAV[0,1]	0.271	0.0835*
		Long Holiday	CAV[0,1]	0.395	0.3722
		Normal Announcement	CAV[0,1]	0.550	0.0001***
	Non-SET50	Short Holiday	CAV[0,1]	0.907	0.0136 **
		Long Holiday	CAV[0,1]	0.534	0.2588
		Normal Announcement	CAV[0,1]	1.149	<0.0001***
Positive	SET50	Short Holiday	CAV[0,1]	0.966	0.0097***
		Long Holiday	CAV[0,1]	0.508	0.1286
		Normal Announcement	CAV[0,1]	0.790	<.0001***
	Non-SET50	Short Holiday	CAV[0,1]	1.444	0.0015***
		Long Holiday	CAV[0,1]	1.430	0.0912
		Normal Announcement	CAV[0,1]	1.788	<.0001***

* At 10% Significant level

** At 5% Significant level

*** At 1% Significant level

According to Table 4.5, for a group of highly negative surprises, the average cumulative abnormal volume of SET50, CAV[0,1], of no distraction day is equal to 0.540 which is greater than the distraction day. And the average cumulative abnormal volume on normal announcement day of Non-SET50 is also greater than the Low and High distraction day. Nevertheless, the results of equality testing are shown in Table 4.6.

As per highly positive surprises, the cumulative abnormal volume of SET50 in Short Holiday is greater than the Normal Announcement, but it is different from Non-SET50 which the cumulative abnormal volume of no distraction day is greater than both low and high distraction.

Table 4.6 Test equality of abnormal volume [0, 1] (Immediate Response)

Table 4.6 shows the result from equality testing of abnormal volume among normal day, short holiday and long holiday. The result is separately tested between negative and positive surprises.

Panel A: Test equality of abnormal volume [0, 1] of negative earnings surprises

Earnings Surprises	**Group**		**N**	**Mean**	**Median**
Negative	SET50	Short Holiday	62	0.2709	-0.0281
		Long Holiday	27	0.3947	-0.2119
		Normal announcement	223	0.5502	-0.0949

Hypothesis Results	**T-Test P-Value**	**Wilcoxon Probability**
H_0: Long Holiday = Short Holiday	0.7378	0.2923
H_0: Long Holiday = Normal Announcement	0.7082	0.2428
H_0: Short Holiday = Normal Announcement	0.2981	0.8809

		N	**Mean**	**Median**
Non-SET50	Short Holiday	74	0.9073	-0.2929
	Long Holiday	16	0.5339	0.0299
	Normal announcement	249	1.1489	0.0636

Hypothesis Results	**T-Test P-Value**	**Wilcoxon Probability**

H_0: Long Holiday = Short Holiday	0.6426	0.9579
H_0: Long Holiday = Normal Announcement	0.5256	0.8086
H_0: Short Holiday = Normal	0.6203	0.5034

* At 10% Significant level

** At 5% Significant level

*** At 1% Significant level

Panel B: Test equality of abnormal volume [0, 1] of positive earnings surprises

Earnings Surprises	**Group**		**N**	**Mean**	**Median**
Positive	SET50	Short Holiday	64	0.9661	-0.0013
		Long Holiday	25	0.5082	-0.1161
		Normal announcement	223	0.7898	0.1752

Hypothesis Results	**T-Test P-Value**	**Wilcoxon Probability**
H_0: Long Holiday = Short Holiday	0.4586	0.8195
H_0: Long Holiday = Normal Announcement	0.5406	0.5516
H_0: Short Holiday = Normal Announcement	0.6042	0.6112

		N	**Mean**	**Median**
Non-SET50	Short Holiday	64	1.4437	0.1045
	Long Holiday	26	1.4303	-0.0671
	Normal announcement	249	1.7883	0.2520

Hypothesis Results	**T-Test P-Value**	**Wilcoxon Probability**
H_0: Long Holiday = Short Holiday	0.9876	0.8727
H_0: Long Holiday = Normal Announcement	0.7770	0.7042
H_0: Short Holiday = Normal	0.6735	0.9778

* At 10% Significant level

** At 5% Significant level

*** At 1% Significant level

The mean cumulative abnormal trading volume shown in Panel A of Table 4.6 on normal announcement is relatively higher than Short Holiday group and Long Holiday group; however, the differences between normal announcement and Short

/Long announcement are not statistically significant. Moreover, we also do not find the statistically significant in highly positive earnings surprises.

The volume response on the Short and Long Holiday announcement are lower than the normal day in groups of SET50, negative surprises and positive surprises. Although the magnitude of volume response on holiday announcement is consistent with the distraction hypothesis, the differences among them are not statistically significant.

According to Non-SET50 group, there are no significant differences between Normal Announcement and Short/Long Holiday. The cumulative abnormal trading volume of Non-SET50 group, both the negative and positive surprises, is relatively greater than the abnormal volume of SET50 group.

CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

This study uses data between 2005 and 2014 to investigate investors' inattention by identifying holidays and weekends as level of distraction, while the recent study of investors' inattention in Thai Stock Market is investigated by Udomponguckkana (2012) by using the number of earnings announcements in each as a level of distraction. The study cannot make a conclusion of existing in distraction hypothesis in Thai stock exchange.

According to distraction hypothesis, this study does not find the investor's inattention due to earnings announcement before weekends and/or holidays. The immediate price reactions on distraction days have higher sensitivity than the reaction on normal day, but the differences of them are not statistically significant. On the other hand, the volume response of the distraction day and normal day is consistent with the distraction hypothesis, the differences among them are not statistically significant. Therefore, we cannot conclude that the volume response is consistent with the distraction hypothesis.

The volume reaction of distracted days seems to be in the same direction with distraction hypothesis, but the immediate price response reacts differently. The potential explanation of contradiction in immediate response between price and volume are that it may have large trading volume (buy/sell) from institutional investors or foreign investors, while the Thai retail investors contribute low trading volume in the distraction day. With the limitation of data, we cannot disaggregate trading volume of each announcement events into 3 different kinds of investors at the announcement period. Future research should focus on the investigation of different trading volume among 3 kinds of investors on the earnings announcement day.

From the earnings surprises announced over the period of 10 years, we cannot conclude that private companies are likely to announce negative earnings surprises on the day before weekend or holidays which are not consistent with US stock market examined by Damodaran(1989).

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