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ATCHARA YOMSIN: GAMBLING BEHAVIOR IN THAI STOCK MARKET
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This dissertation investigates investor's gambling behavior in the Thai stock market during sample period between January 1999 and December 2008. This study is motivated by the anecdotal evidence of prevalent lottery participation, gambling activity and evidence of behavioral bias in trading decisions. Using several measures of investor trading activity, we find that retail investors exhibit stronger preference in lottery-like stocks (low priced stocks with high idiosyncratic volatility and skewness) than institutional and foreign investors do and their propensity to invest in lottery-like stock increases during the economic recession which is similar to demand in lottery tickets and other gambling activities. Our evidences show that retail investor gambling-motivated decision negatively influences their portfolio performance. Our analyses on the gambling seasonality indicate that retail investors demand more of lottery-like stocks in June while institutional investors demand more of lottery-like stocks in December. Foreign investors do not exhibit any difference in demand level for lottery-like stocks during different time periods. Our findings from GJR-GARCH model display the significantly positive return of lottery-like stocks in Junes and Decembers. As evidences by our bivariate vector-autoregression analysis, positive lottery-like stock returns seasonality in June is corresponding with retail investors' demand of lottery-like stocks in June and returns seasonality in December is corresponding with institutional investors' demand of lottery-like stocks in December. This gambling effect provides new insight into the conventional anomalous seasonality in stock return, the gambling seasonality.

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