QUARTERLY EARNINGS ANNOUNCEMENT EFFECTS ON MALAYSIA STOCK MARKET RETURNS

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ABSTRACT

The Efficient Market Hypothesis theory (EMH) states that an investor cannot beat the market based on any set information, whether it is historical, public information or private information. The investors' expectation on the extent of excess return that they would make from the trading in the stock market is based on several factors and one of them is the quarterly earnings announcement. The primary aim of this research study is to investigate the effects of quarterly earnings announcement on Malaysia stock market returns of the different companies constituting in Kuala Lumpur Composite Index (KLCI). Event study methodology using daily returns and market model was been applied for the purpose of analyzing the quarterly earnings announcement effects on the security prices of the firms. This study used a 41 day event window, 20 days (-1 to -20) before the announcement and 20 days (1 to 20) after the announcement and 0^{th} day the announcement day. The data comprised of five companies which had announced their quarterly result of September 2014. Another finding from the previous study stated that there was no statistically significant effect on stock returns. The data was analysed using SPSS 8 and EVIEWS software to prove the general hypothesis.

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