

***Spotting Takeover Candidates By Using
Share Prices and Volume***

By :

Hadzli Bin Ishak

***Advanced Diploma in Business Studies (Finance)
School of Business and Management
MARA Institute of Technology
Shah Alam***

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Abstract

This research examines the timing of takeovers which have been exercised in Malaysia using share prices and volume traded. Spatial price- DCV divergence and Temporal price- DCV divergence have been employed to examine the right timing to undertake takeovers exercise .

These techniques indicates that the best time to buy is when there is a decline in the stock prices followed by an increase in volume.

The research is done based on the 11 companies which have been reverse taken over by other companies from December 1992 to May 1994. This represent 50 % f the sample population.

The results of this study show that there is a weak relationship between the stock prices and the volume traded. However, the movement of the share prices and the changes in volume traded is positively correlated.