

Impacts of Unusual Market Activity Announcement on Stock Return: Evidence from The Ace Market in Malaysia

Dylan Siong-Yain Chen

RHB Bank Berhad, No. 9 & 11, 1st Floor, Jalan Sutera,

Taman Sentosa, 80150 Johore Bahru, Johor, Malaysia

E-mail: chen.siong.yain@rhbgroup.com

Venus Khim-Sen Liew

Faculty of Economics & Business, Universiti Malaysia Sarawak

alan Datuk Mohammad Musa, 94300 Kota Samarahan, Sarawak, Malaysia

E-mail: ksliew@unimas.my

Received: August 7, 2019 Accepted: Dec. 19, 2019 Published: December 19, 2019

doi:10.5296/ajfa.v11i2.15234 URL: <https://doi.org/10.5296/ajfa.v11i2.15234>

Abstract

This study examines the effect of Unusual Market Activity (UMA) announcement on stock return in Malaysian market with a sample of 62 companies listed on the ACE market at Bursa Malaysia for the period of 2007-2015. This study employs event study methodology to show that there were few days in which the average abnormal return (AAR) and cumulative average abnormal return (CAAR) are statistically significant. In addition, this study also further investigates the abnormal return (AR) and cumulative abnormal return (CAR) for individual companies. It was found that majority of the stocks returns fell significantly 30 days after the UMA announcement. The magnitude of the fall in returns ranges from 4% to 234%. Hence, it is not advisable for investors to buy stock after UMA announcement.

Keywords: Unusual Market Activity; Ace Market; Stock Return; Bursa Malaysia