Abstract

We examine whether domestic investors outperform foreign investors. Using transaction data from the Stock Exchange of Thailand from 1999 to 2004, we find that foreign investors, in general, trade at worse prices than domestic investors who have a greater information advantage. However, foreign investors perform best when buying medium size and large size stocks during a bull market. Individual investors tend to follow a contrarian trading strategy, which leads them to act as the liquidity providers to institutions. Intense trade imbalance can predict future returns. The intensity of individuals selling at peak prices influences future negative returns. Intense buying by foreign and institutional investors is followed by price increases.

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