An Impact of Political Events on the Stock Exchange of Thailand

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ABSTRACT

This paper shows that the Thai stock market reacts to, some of, its political activities. While anecdotal claims hint at this possibility, this paper evaluates this claim empirically. For an observation of political movements which are dissolution, elections, coup d'états and riots which took place between 1975 and 2006, 30 events are tested.

General results show abnormal return over a 1-week period before and after elections is positively significant. The next-day market after a coup attempt gives significant negative abnormal return and generates significant positive abnormal return in 2 weeks. If the coup is aborted, a negative sign is shown on the even date but not significantly and turn to significant positive abnormal return over a period of 1-week and 2-week. If the coup leads to a new government, a significant negative abnormal return occur within 1 day and change to significantly positive one over both 1-week and 2-week periods. In case of a dissolution of Parliament, the signs from three different models are non-significantly but consistent and show a positive abnormal return over 6 days and turn to negative over 11 days after the event. The market responds negatively to the massacre on October 6th 1976, but not significantly, in contrast to the riot in May 1992, which shows a significant negative abnormal return over a 1-day, and 2-day periods.

These results indicate that election gives positive impact to the market in the long term. The coup exerts a temporary negative shock but boosts the market up in a longer period. In the event of riot, the market reacts more strongly to the latest one, May 1992, than the one in 1976, at the beginning of SET trading. It shows the level of accessibility to news has improved and the market participants are getting more sophisticated. When the magnitudes of these events impacts are compared, the result is consistent with the uncertain information hypothesis (UIH), postulating the likelihood of an overreaction on bad news and underreaction on goods news.

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I. Introduction

For the past century economists have tried to find explanatory factors of stock market movements. Political events are one factor that the forerunner economist came up with. According to Efficient Market Hypothesis (EMH) introduced by Fama (1970, 1991), efficient stock markets react to news. News about future economic policies can be derived from political events such as election, dissolution, coup d'état, riot, etc. Furthermore, a political evolution, such as a democratic transition which is the most common, could change the country's economic architecture. However, the news content of these events depends on the governmental system.

In modern democracies, elections are national events that bring political affairs into a sharp focus. Participation of the electorate plays a central role in the political development of the nation. Consequently, the policy decisions reflect the preferences of the majority of voters. In order to ensure this, the voters are regularly consulted through elections. Changes in the outcome of elections and therefore in the composition of the government, will most likely result in policy changes. This should affect economic variable such as unemployment, growth, and inflation.

For young democracies with proportional representation, the governments are frequently multi-party coalitions. In these countries, not only elections attract the public attention, but other political events also do. Dissolutions due to the governments' instability are common, Coup d'états, in the very new democratic countries are events that reverberate through the World and riots by the People against its own government could bring a big impact on its economy.

There are two branches of literature after Kalecki (1943) reported that the U.S. business cycle could be altered by the presidency term. Nordhaus (1975) and Lindbeck (1976) developed opportunistic political business cycle, states that the incumbents try to manipulate economic policy in order to increase its probability of re-election. The alternative approach by Hibbs (1977) - partisan political business cycle model - argues that policies are predetermined by ideology. Specifically, left-wing parties are more conscious about unemployment than inflation, in contrast to

right-wing parties. As a result, economic fluctuations arise as a result of policy changes when different parties alternate in office.

Evidences supporting these two theories are presented by many subsequent researchers. Umstead (1977) reported higher stock market returns in the 3rd and 4th year of presidency, and lower return in the 1st and 2nd year of presidency.

Since the stock market index aggregates the individual stock prices. When uncertainty is taken into account, these prices discount investors' expectation concerning possible future corporate developments, another theory referred as the uncertain information hypothesis (UIH) developed by Brown, Harlow, and Tinic (1988). The UIH predicts that in the aftermath of new information, both the risk and the expected return of affected companies increase in a systematic fashion. In this sense, the common perception of stock market reaction regarding political events is that its return seems to be positive (nonnegative) after favorable events and on the contrary if unfavorable events occur.

For Thailand, the democratic transition, from absolute monarchy to parliamentary democracy, took placed in 1932, and has undergone gradual evolution response to the changing environment. Table 1. provides events time line of Thai political history since year 1957. Along with other economic institutions, the capital market, called the Stock Exchange of Thailand (SET), was established in 1975. Since then, there were 7 coup d'états, 11 dissolutions, 12 elections and 2 riots. These political events reduced the investor's confidence over the market. Consequently, led to irregularly performance of the market while these events occurred.

This paper intends to investigate whether Thai elections and major political activities may affect the performance of the SET Composite Index (SET). If they do, then how the market reacts to this political information?

II. Literature Review

Country's politics can exert significant influence on its wealth distributions and prosperity. In democratic states, voters elect parties which best represent their personal beliefs and interest.

Political Business Cycles

Kalecki (1943) was the first to develop the idea that politicians might alter policies before elections. This led to the development of the literature on political business cycles. Two main strands of literature emerged that tried to explain economic fluctuations around elections. The literature on opportunistic cycles argues that electoral pressures force the incumbent party to manipulate economic policy in order to increase its probability of re-election.

The alternative approach - partisan theory - argues that policies are predetermined by ideology. Specifically, left-wing parties are more conscious about unemployment than inflation, unlike right-wing parties. As a result, economic fluctuations arise as a result of policy changes when different parties alternate in office.

The theoretical literature came in two waves. The first non-rational wave flourished in the mid-1970s. These models use traditional macroeconomic models which, taking advantage of an exploitable Phillips curve, governments can systematically and predictably influence macroeconomic outcomes. Nordhaus (1975) and Lindbeck (1976) developed the first opportunistic model. On the other hand, the first partisan political business cycle model was built by Hibbs (1977). Frey and Schneider (1978) combined the elements of both models to develop the so-called weak partisan theory.

However, the empirical support of the electoral-cycle idea is generally weak. Studies of developed countries (Alesina and Sachs (1988)) revealed much stronger evidence of partisan rather than opportunistic cycles. Non-convincing evidence for opportunistic cycles in developed countries motivated the new wave of empirical

research using data from developing countries. These studies have identified determinants of the cycles, electoral competition (Block (2001)) and levels of democracy and transparency (Gonzalez (2000)). This recent research on developing countries produced more convincing evidence of opportunistic cycles. This evidence, however, is not always as strong as one should expect.

In Thailand, only one research, so far, has been done on testing these two theories by Prasert (2002). He found the evidence of opportunistic PBC but no clear evidence of partisan business model. In his paper, he measured the government expenditure before and after elections by using political dummy variables together with macro economic control variables.

Uncertain Information Hypothesis

Brown, Harlow, and Tinic (1988) provide a theoretical background of understanding investors. behaviors and/or market mechanism at extreme events. Their hypothesis on uncertain information (UIH) offers an explanation about investors. behavior in situations of major uncertainty generated by unexpected events (such as large price gains/losses). Investors are generally assumed to overreact to bad news than to good news. Hence, a series of upward adjustments are believed to follow large stock declines, but no significant stock price reversal patterns are observed following large stock price increases.

Their research has attracted tremendous interest from the empirical researchers and practitioners. The UIH has been widely used to explain a small portion of phenomenon observed in the market. Combined with the supporting or contradicting public information announcements, strategies developed from the UIH have been proved to be potentially profitable (Fehle and Zdorovtsov (2003)). Further research has been applied to reexamine on S&P 500 Index and SPDRs (Ferguson (2005)) and there is an evidence of the UIH in the post-SPDRs period. Pantzalis et al. (2000) has used UIH to investigate the behavior of stock market indices across 33 countries around political election dates during the sample period of 1974-1995. They found a positive abnormal returns during the two-week period prior to the elections.

Political Economic Literature

A significant body of literature suggests that political destabilizing events adversely affect economic performance. In a cross sectional study of 98 nations, Barro (1991) found domestic political instability, and thus exogenous political shocks, to negatively affect growth and investment. Barro developed two political instability indices; the measuring the number of revolutions and coup per year and the second measuring the number of political assassination per year, per million people. Assassinations of political figures was shown to be significantly and negatively correlated with growth rates. Likewise, the number of coups and revolutions was negatively correlated with both growth per capital GDP and investment at a significant level. An underlying theme of this research is that political instability creates market uncertainty, and therefore may reduce economic incentive to invest. However, Barro's research is careful to point out that the cause of negative correlation may be attributed to reverse causality, and thus an economic downturn could result in higher degrees of political instability.

A research has been conducted on investigating Taiwan's and Japan's markets during political conflict with China in 1996 (Geoffrey (2001)). On March the 5th, China mainland announced live fire military exercises in the Strait of Taiwan to intimidate Taiwan before its first democratic presidential election. Geoffrey, by using political dummy variables, suggests that the Taiwan Crisis of 1996 had little effect on the financial markets in Japan or Taiwan.

Chen and Siems (2003) have use event study method to assess the effects of terrorism on global capital markets. They examine the U.S. capital market's response to 14 terrorist/military attacks dating back to 1915 and global capital markets' response to two recent events; Iraq's invasion of Kuwait in 1990 and the September 11th 2001 terrorist attacks. They found that the U.S. capital market are more resilient than in the past and recover sooner from terrorist attacks than other global capital market. Evidence suggests that this increased market resilient can be partially explained by a stable banking/financial sector that provides adequate liquidity to promote market stability and minimize panic.

III. Theoretical Framework

Uncertain Information Hypothesis

Brown, Harlow, and Tinic (1988) had developed and tested the uncertain information hypothesis (UIH) as a means of explaining the response of rational, risk-averse investors to the arrival of unanticipated information. The theory predicts that following news of dramatic financial events, both the risk and expected return of the affected companies increase systematically, and price react more strongly to bad news than good. In other words, price changes following favorable or unfavorable news should be positive on average. Their results on one stock index and the top 200 stocks in the S&P 500 Index provide support to this hypothesis. This approach has assumptions;

- Investors are rational in the von Neumann-Morgenstern sense (i.e. they maximize expected utility) and they form rational expectations
- Investors are risk averse
- The stock market incorporates all available information in security prices quickly
- Major surprises can be identified as good or bad news, but the full extent of their impact on market prices is uncertain
- Investor, however, can form conditional probability distributions of returns given good and bad news

With these assumptions it is relatively straightforward to demonstrate that rational investors' reactions to unfavorable surprises will produce a short pattern of price changes that will superficially resemble an overreaction. That is, the initial decline in stock prices will be followed, on average, by a price increase. With favorable surprises, the pattern of price changes may give the appearance of an underreaction: i.e. the initial price increases are on average followed by further price increases.

Efficiency in securities markets is based on the premise that investors are able to incorporate relevant information into security prices in a rapid and unbiased fashion.

Brown et al. (1988) demonstrates that the rationality does not require that the information be assimilated instantaneously. They show that in the presence of imperfect information, rational, risk-averse investors will respond by initially setting security prices that appear, on the surface, as overreactions to bad news and underreactions to good news. Their explanation, which they referred to as the uncertain information hypothesis, implies that when relatively large samples of favorable events are analyzed separately, the immediate price changes induced by these events will be followed by positive returns during the post-event period. However, the UIH claims that this pattern of ex-post stock returns is illusory, since it is virtually impossible to predict the direction and the magnitude of the trailing returns for individual events on an ex-ante basis.

Hypothesis

Within the event study methodology, a number of hypotheses can be tested. First, this paper will examine Thai capital market's response to dissolution. To answer whether dissolution associated with significant abnormal returns in Thai capital market, the hypothesis is set as;

> *H_1: Mean returns of the SET portfolio are the same, before and after dissolution.*

It appears that dissolution could have both a negative or positive effect on capital market depending on situation. Uncertainty about the new government policies and the shock of such an unexpected change could drop the market. If the dissolution solves a political turmoil, the investor might view it as a good sign. Thus dissolution effect cannot be predicted, neither its significance.

After dissolution, and according to the Constitution, an election has to be set up within 90 days. During the political campaign, the policies of the candidates are published, the polls from different institutes show their estimation of each candidate's popularity, and this could guide investors for the election's result. However, as the possibility differs from certainty, investor could delay action and just wait for the election to pass. The significance of the effect of election on capital market is in

doubt here, since the market can anticipate the outcome of the election in advance. Thus the hypothesis can be set as;

H_2: Mean returns of the SET portfolio are the same, before and after election.

According to the UIH, election, perceived as good news, should give positive abnormal return aftermath and significant return is expected for a long window period. However, Pantzalis et al. (2000) has investigated the behavior of stock market indices across 33 countries around political election dates during the sample period of 1974-1995. They found a positive abnormal returns during the two-week period prior to the elections.

A coup d'état, in medias point of view, is the most startling event among all political ones. This unusual, but common in a country like Thailand, event could be just a changing hand of power or an economics breakpoint. In any case it disrupts economics activity by its nature. To test such an event impact, the hypothesis is set as;

H_3: Mean returns of the SET portfolio are the same, before and after coup's attempt.

The coup's attempt could last for a few days or just a few hours. At the end, either the government can control the situation or the armed forces take control. In the first case, if the government is able to disband the armed troops; negative impact is expected in the short term. The coup will be called "aborted coup". By any country's law, maximum punishment will be applied to the opposition. According to UIH, when an investor anticipates some bad news a positive sign is expected afterwards since the uncertainty has been cleared out. The hypothesis to test the impact of an aborted coup is;

H_{31}: Mean returns of the SET portfolio are the same, before and after aborted coup

If the attempted coup turns to be victorious, the whole government system has to be managed. The new government has choices of revamping the system or just

changing the people in charge. A successful coup should generate more significant impact than an aborted one. The testing hypothesis is;

H_{32}: Mean returns of the SET portfolio are the same, before and after coup d'état

Chen and Siems (2003) have examined the U.S. capital market's response to 14 terrorist/military attacks dating back to 1915 and global capital markets' response to two recent events; Iraq's invasion of Kuwait in 1990 and the September 11, 2001 terrorist attacks. They found that the U.S. capital market are more resilient than in the past and recover sooner from terrorist attacks than other global capital market.

Next, this paper will focus on particular events. The massacre on 6th October 1976 will be tested. This tragedy happened only 2 years after the people's demonstration against Field Marshall Tanom Kittikachon, which was a big milestone on the Thai political road. A negative sign is expected but significance is unclear, since the market was very young at that time. The hypothesis of testing this event's effect is;

H_4: Mean returns of the SET portfolio are the same, before and after the massacre on 6th October 1976

The last event tested is the impact of the riot in May 1992. The event led to the resignation of General Suchinda Kraprayoon, and started a new political period, when the Army stopped for a while interfering with politics. Since the event was so violent, and the medias much more sophisticated, the impact is expected to be significantly negative. The hypothesis to test this event's impact is;

H_5: Mean returns of the SET portfolio are the same, before and after the riot during 17th-20th May 1992

Geoffrey (2001) has investigated Taiwan's and Japan's markets during political conflict with China on 5th March 1996. By using political dummy variables, Geoffrey suggests that the Taiwan Crisis, when China mainland announced live fire military exercises in the Strait of Taiwan to intimidate Taiwan before its first

democratic presidential election of 1996, had little effect on the financial markets in Japan or Taiwan.

The UIH, which begins with the assumptions that investors often set stock prices before the full ramifications of a dramatic financial event are known, predicts that in the aftermath of new information, both the risk and the expected return of the affected companies increase in a systematic fashion. In addition to increasing measurable risk, a noisy piece of favorable or unfavorable news immediately causes a market comprising risk-averse investors to set stock prices significantly below their conditional expected values. As the uncertainty over the eventual outcome is resolved, subsequent price changes tend to be positive on average, regardless of the nature of the catalyzing event. Furthermore, if investors' preferences exhibit decreasing absolute risk aversion the UIH predicts that the average price change will be larger following bad news than good.

IV. Research Methodology

Data description

In testing the hypotheses, this paper uses two distinct types of data. The daily stock closing indices, which are SET Composite Index (SET), Dow Jones Industrial Average Index (INDU), Hang Seng Index (HSI) and Nikkei Index (NKY), are extracted from Bloomberg. The data on major political events, such as the massacre on 6th October 1976, the riot in May 1992, coup d'états, dissolutions and nationwide elections which took placed during 1975-2006, are from a book called "Thai political history". However, some of those events will be disregarded if they don't satisfy the event definition criteria.

Defining the set of events

The event date for hypothesis testing (t =0) will be the actual event date if that day is a trading day and the public announcement regarding such an event is broadcasted before the market close, i.e. around 4.30 p.m. Otherwise the first trading

day after the public announcement is defined as the event day. The actual event dates are as follow;

Dissolutions

1. On 12th January 1976, by M.R. Kukrit Pramoj, prime minister.
2. On 19th March 1983, by General Prem Tilasulanon, prime minister.
3. On 1st May 1986 by General Prem Tilasulanon, prime minister.
4. On 29th April 1988, by General Prem Tilasulanon, prime minister.
5. On 29th June 1992, by Anand Panyarachoon, prime minister.
6. On 19th May 1995, by Chuan Leekpai, prime minister.
7. On 27th September 1996, by Banhan Silapa-archa, prime minister.
8. On 9th May 2000, by Chuan Leekpai, prime minister.
9. On 26th February 2006, by Major Taksin Shinnawatra, prime minister.

Elections

1. On 4th April 1976, caused by dissolution, M.R. Seni Pramoj became prime minister.
2. On 22nd April 1979, Kriangsak Chamanan continued as prime minister.
3. On 18th April 1983, caused by dissolution, General Prem Tilasulanon became prime minister.
4. On 27th July 1986, caused by dissolution, General Prem Tilasulanon continued as prime minister.
5. On 24th July 1988, caused by dissolution, General Prem Tilasulanon continued as prime minister.
6. On 22nd March 1992, Suchinda Khaprayoon beaome prime minister.
7. On 13th September 1992, after the riot, Chuan Leekpai became prime minister.
8. On 2nd July 1995, caused by dissolution, Banhan Silapa-archa won the election and became prime minister.
9. On 17th November 1996, caused by dissolution, General Chawalit Yongjaiyut became prime minister.
10. On 6th January 2001, Major Taksin Shinawatra became prime minister.

11. On 6th February 2005, Major Taksin Shinawatra took his second term as prime minister.
12. On 2nd April 2006, the result is not confirmed by the Election Committee.

Coup d'états

1. On 6th October 1976, during M.R. Seni Pramoj's administration, led by Admiral Sa-ngad Chaloo-u. After the coup, Tanin Kraivixien was appointed to become prime minister.
2. On 26th March 1977, 5 months later, during Tanin Kraivixien's administration, led by General Chalad Hiransiri. The coup aborted, General Chalad Hiransiri was executed.
3. On 20th October 1977, 1 year of Tanin Kraivixien's administration led by, again, Admiral Sa-ngad Chaloo-u. General Kriangsak Chamanan took over the position of prime minister.
4. On 1st April 1981, the coup, called "April Fool", led by so-called "Young Turk" General San Jitpratima tried to bring down General Prem Tilasulanon's administration. The attempt failed.
5. On 9th September 1985, during General Prem Tilasulanon 's administration. The coup, led by Colonel Manoon Roopkhachon, aborted.
6. On 23rd February 1991, led by General Sunthon Kongsompong. The coup took down General Chatchai Choonhawan's administration and appointed Anand Panyarachoo as prime minister.
7. The recent coup, on 19th September 2006, led by General Sonthi Boonyaratkharin.

Riots

1. The massacre on 6th October 1976 was a violent crackdown on students and protestors that occurred on the grounds of Thammasat University and Sanam Luang. The massacre was led by some dissident Thai military troops, some Police units, the anti-left paramilitary Red Gaur group and some Village Scout units. 46 people officially died in the crackdown, which saw protestors raped,

mutilated, lynched, and burned alive. The massacre led immediately to a military coup against the government of M.R. Seni Pramoj. King Bhumibol Adulyadej endorsed the coup, which led to the appointment of Tanin Kraivixien as prime minister.

2. The riot in May 1992, against General Suchinda Khaprayoon's administration, commenced in the evening of 17th May 1992 and ended after a television broadcast of King Bhumibol Adulyadej admonishing General Suchinda and Major Chamlong, shown at 9:30 p.m. on 20th May 1992, in which the King demanded that the two opponents put an end to their confrontation and work together through parliamentary process. Following the broadcast, Suchinda released Chamlong and announced an amnesty for protestors. He also agreed to support an amendment requiring the prime minister to be elected. Chamlong asked the demonstrators to disperse, which they did. On 24th May 1992, Suchinda resigned.

Table 2. presents the actual dates and event dates of political events that are taken into account for testing the uncertain information hypothesis.

Selection Criteria and Estimation Window

To test the hypothesis, the political events are classified into 5 groups of event.

1. Dissolution is defined by the date of the public announcement made by the prime minister if un-foretold. There are 2 times that prime ministers pre-announced a dissolution, which are on 29th June 1992 by, prime minister, Anand Panyarachoon, and on 9th May 2000, by prime minister, Chuan Leekpai. The reason is they were interim governments and appointed for establishing new constitutions. Thus, the dissolutions consist of 7 occurrences, after disregarding the two mentioned above.
2. Election is defined as the date of the first trading day after the result of nation-wide election, i.e. the election of Members of Parliament. Since, normally, elections take mostly place on Sundays, but once time on a Saturday, the

testing event date are the following Mondays. The last election that took place on 2nd April 2006 will be disregarded since the result was not confirmed by the Election Committee. There are 11 elections in this group.

3. Coup d'état is defined as the attempt of an armed group to take administration power from the on-duty government regardless the success of the attempt. There are 7 events which are satisfying the definition. This paper also tests these coup events separately, classified by the success of the attempt, i.e. successful or aborted. The successful coup d'état is the coup that leads to a change of administration power, i.e. new government. The aborted is the one that is not successful. Among 7 coups, 4 succeeded and 3 aborted.
4. The massacre on 6th October 1976.
5. The riot during 17th– 20th May 1992.

Models for Measuring Normal Performance

The approaches to calculate the normal return can be loosely grouped into two categories—statistical and economic. Statistical models follow from statistical assumptions concerning the behavior of asset returns and do not depend on any economic arguments. The assumption that asset returns are jointly multivariate normal and independently and identically distributed through time is imposed. This distributional assumption is sufficient for the constant mean return model and the market model to be correctly specified. While this assumption is strong, in practice it generally does not lead to problems because the assumption is empirically reasonable and inferences using the normal return models tend to be robust to deviations from the assumption.

In contrast, economic models rely on assumptions concerning investors' behavior and are not based solely on statistical assumptions. It should, however, be noted that to use economic models in practice it is necessary to add statistical assumptions. Thus the potential advantage of economic models is not the absence of statistical assumptions, but the opportunity to calculate more precise measures of the normal return using economic restrictions.

A. Market Model

The market model is a statistical model which relates the return of any given security to the return of the market portfolio. The model's linear specification follows the assumed joint normality of asset returns. Modified from the model used in Geoffrey (2001), the model regress SET Composite Index (SET) against Dow Jones Industrial Average Index (INDU), Hang Seng Index (HIS) and Nikkei Index (NKY) over 120 days period (*t*-140*, t*-21).

$$\overline{SET_t} = \beta_0 + \beta_1 RINDU_{t-1} + \beta_2 RHSI_t + \beta_3 RNKY_t + \varepsilon_t \qquad (1)$$

where

$RINDU_t$ = the return on Dow Jones Industrial Average Index on day t

$= \ln INDU_t - \ln INDU_{t-1}$

$RHSI_t$ = the return on Hang Seng Index on day $t = \ln HSI_t - \ln HSI_{t-1}$

$RNKY_t$ = the return on Nikkei Index on day $t = \ln NKY_t - \ln NKY_{t-1}$

β s = regression parameters

The result of regression model is shown in Table 3.

B. Constant Mean Return Model

Although the constant mean return model is perhaps the simplest model, Brown and Warner (1980, 1985) found it often yields results similar to those of more sophisticated models. This lack of sensitivity to the model can be attributed to the fact that the variance of the abnormal return is frequently not reduced much by choosing a more sophisticated model. When using daily data the model is typically applied to nominal returns. For robustness check, the constant mean return adjusted over 120 days (*t*-140*, t*-21), twenty days preceding the event date, are used.

$$\overline{SET_t} = \left[\sum_{i=t-21}^{t-140} RSET_i \right] / 120 \qquad (2)$$

where

$RSET_t$ = the return on SET Index on day $t = \ln SET_t - \ln SET_{t-1}$

Following Brown and Warner (1980, 1985), abnormal return (AR) is simply the residual value occurring on a particular day. For market portfolio, these residuals are created according to general market movement.

$$AR_{it} = RSET_{it} - \overline{SET_{it}} \qquad (3)$$

where

AR_{it} = the abnormal return for SET Index for event *i* on day *t*

$RSET_{it}$ = the actual SET Index return for event *i* on day *t*

$\overline{SET_{it}}$ = the normal return on SET Index for event *i* on day *t*

Measuring Post-Event Response

Given the event days, this paper tests the effect in 5 different time windows. The main event window under study is the event date (*t=0*). This paper also examines four longer event windows to see how well and rapidly the market digest the news. Sometimes, the initial uncertainties persist and that keep stock prices down and volatile, but at other time these fears are reduced dues to news information that eases tension or policy actions that promote greater market stability. The four longer event windows are from the event date to 5 days, 10 days, 15 days and 20 days following the event (*t=+5*, *t=+10, t=+15, t=+20*). For these longer event windows, this paper also computes the cumulative average abnormal returns (CARs).

$$CAR_i = \sum_{i=0}^{m} AR_{it} \qquad \text{where m is 0, 5, 10, 15 and 20} \qquad (4)$$

where

AR_{it} = the abnormal return for SET Index for event *i* on day *t*

The statistical significance of the event period abnormal returns are computed for each event group using the test statistics described by Brown and Warner (1985).

Investigating Pre-Event Information Leaking

It could happen that the information containing significant data is leaking before the public announcement. In this case, which referred to insider information, can be tested by looking at the pre event abnormal return. Given the event days, this paper tests information leaking back to 20 days (1 month) before the event. The windows are separated into weekly period to see how far back the information has been leaked. The four event windows are from 4, 3, 2 and 1 week(s) preceding the event (*t=-20, t=-15, t=-10 t=-5*). For these event windows, this paper also computes the cumulative average abnormal returns (CARs).

$$CAR_i = \sum_{i=m}^{-1} AR_{it} \qquad \text{where m is -20, -15, -10 and -5} \qquad (5)$$

where

AR_{it} = the abnormal return for SET Index for event *i* on day *t*

V. Empirical Results

Overall, the results suggest evidence of the effect of some of Thai political activities on its stock market. The dissolution has non-significant impact to the market. The election influence the market positively since day one and gives significant abnormal return in the first week aftermath. The abnormal return also can be found 1 week before election. The coup, in general, could generate positive abnormal return in the 1st and 2nd week after it takes place, although the market was badly shocked on the event date. If the coup lead to a new government, the shock is

significantly negative but a positive abnormal return is found in the succeeding week. If the attempt fails, the market reacts poorly but a positive abnormal return is expected for the first 2 weeks after the coup. However, for longer term the market decline. The massacre on 14th October 1976, did not have significant effect on the market, in contrast, the riot in May 1992 send negative signal to the market.

Dissolution Effect

When a government faces rotten popularity, either directly through parliament debate or in an indirect way, there are only 2 choices left for the prime minister, as the chief of cabinet. The first way, which happened only 2 times in the Thai political history, is resignation and let other parties form a new government. The second choice, more frequent, is dissolution of Parliament which will lead to election. There is also another reason for dissolution, which occurs mostly in the case of an interim government. The temporally government is appointed to perform specific duties such as establishing a new constitution. Dissolution, in this case, is just a protocol for leading to an election. In the case of prime minister Chuan Leekpai, the interim government after the May Riot has foretold the public before the dissolution.

The market responds to the dissolution not significantly and in different directions across the events in first day of trading. On average, the two different models give a positive sign after the announcement. This reflects different political conditions at each time, since normally, the investor has already taken into account the instability through the government's scandals that occurred before the announcement. In 1 week period aftermath, the cumulative abnormal returns, from two models, are positive but not significant. This can be viewed as the relief of the investor and hope for the new election. The signs of cumulative abnormal return all turn to negative after 2 week. Since the sign is not significant, the worries before election might be the cause of this negative view. Table 4. presents abnormal return of an event study of the information content of dissolution announcement and plot of cumulative abnormal return is shown as Figure 1.

Election Impact

The election is the only tested event that is not a totally unexpected event. The date is fixed, polls' result from many institutes are published, and sometimes the winner can even be expected. Unlike many countries, Thai politicians have no differentiated policies, which could make a big difference on the economical performance. Thus the election, if the result is not reversed, is just a confirmation on the forming of a new government. According to UIH, the election, which is considered being good news, is expected to gives non negative abnormal return.

The signs of cumulative abnormal return form all models are positive in every event window period. In fact, the market reacts positively to the election prior to the event. A significant abnormal return can be found 90% level for 1-week period before election and 95% level 1-week period after election. This result is consistent with Pantzalis et al (1999). Table 5. and Figure 2. present abnormal return of an event study of the information content of election announcement in table and plot.

The Coup d'état

A coup is the biggest commotion among all political events. It brings policies into a sharp focus, not only domestically but also internationally. It happens suddenly, followed by declaring a state of emergency which limits people's freedom and disrupts investment prosperity. The foreign investor immediately takes a step back on investment projects. The quick fall in stock market performance has been observed after coups. Thus, theoretically after the coup, UIH suggest negative abnormal return.

Regardless of the success of the coup attempt, there is no clear evidence that the information is leaked. None of the pre-event windows show significant negative abnormal returns. A significant negative abnormal return at 99% level from modified market model and 95% level from constant mean return model is shown on the first trading day after the coup. For the window of the succeeding week, the market rebounds and give 95% significant positive abnormal return in both models and rise up to 99% level in the 2nd week. However after that the market decline and turn to

bearish with 95% level of negative abnormal return in the 4th week aftermath. See Table 6. and Figure 3.

When only the successful attempt is tested, negative abnormal return on the event day is still incrementally significant for modified market model and highly significant for constant mean return model. A week later, the market generate 90% significant positive abnormal return and increase to 99% significant in the 2nd week. See Table 7. For the 3rd and 4th week succeeding the event, the market seem to stabilize and does not show any significant movement as in Figure 4.

If the attempt to take over the administration from the government fails, the coup will be called "rebellion" or "aborted coup". According to Thai law, execution will be given to the coup members. The aborted coup gives a negative impact to the market on the event day but not significant. Align with UIH prediction, A positive significant abnormal return occur in the succeeding week at 95% and 90% level for modified market model and constant mean return respectively. The 2nd week aftermath, the market shoot up and has 99% level positive abnormal return in both models and start to drop sharply in the 3rd week which turn the market bearish with 99% level negative abnormal return and continues though the 4th week with 95% level significant. Table 8. presents abnormal return of an event study of the information content of dissolution announcement and plot of cumulative abnormal return is shown as Figure 5. This can be explained as the investor has felt the possibility of the coup before, therefore when it actually takes place, the uncertainty is moved away, thus the investor gains confidence for investment. This evidence confirms that Thai market is overreact to bad news, supported UIH prediction.

Massacre on 6th October 1976

As one of the most remarkable event in the history of Thai politics, the upheaval started much earlier than the tragedy itself. Less than 2 years from the opening of the Stock Exchange of Thailand, this very young market experienced a major political conflict. Perhaps, that why none of the sign, neither pre-event or post-event, of this massacre is significant. On the 6th October 1976, which was a trading

day, the market shown negative abnormal return. The sorrowful event led to a coup, and turned cumulative abnormal return to positive in the 1st and 2nd week from the two models. Another reason for non significant sign could be from the fact that the investor already absorbed the bad news since the beginning of the conflict. Table 9. and Figure 6. present abnormal return of an event study of the information content of election announcement in table and plot. Figure 7. show the SET Composite Index around the massacre.

Bloody May in 1992

No one could ever have imagined that the demonstration against General Suchinda when he took the position of prime minister would lead to turning Ratchadamnern Road into a persecution field. It was Sunday night when the crowd moved up the street. The market was closed exceptionally on the next morning, the Thai medias shown only scanned reports. On Tuesday the 19th, the market sank almost 9%, recording the biggest fall in the Thai Exchange Market. The next day, the market gained 10 points, but still, the cumulative abnormal return over 2 days is negative significantly. That night, the broadcasting of the meeting at Chidladda Palace with his majesty the King, brought both sides to compromise, the next day the market rose up back to the level before the event and keep rising for the whole week. Thus, the cumulative abnormal return over 1 week aftermath turns to 99% level positive abnormal return. However, after Suchinda's resignation on the 20th, for the 2nd week, the market drop again with 99% level negative abnormal return and rebound in the succeeding week. For pre-event analysis, the market start to decline more than a month before the event. A significant negative return can be found in 4-week, 3-week and 2-week periods before it occurred. Table 10. and Figure 8. present abnormal return of an event study of the information content of election announcement in table and plot. Figure 8. show the SET Composite Index around the riot.

The summary of cumulative abnormal return for an event study of the information content of political events for modified market model and constant mean return model are presented in Table 11. And Table 12. respectively. The plots of these

data is shown as Figure 10. and Figure 11. The cumulative of the abnormal return since the event date and sub-period cumulative abnormal return for modified market model and constant mean return model for an event study of the information content of political events are presented in Table. 13 – Table 16.

VI. Conclusion

This paper shows that the Thai stock market reacts to, some of, its political activities. While anecdotal claims hint at this possibility, this paper evaluates this claim empirically. For an observation of political movements which are dissolution, elections, coup d'états and riots which took place between 1975 and 2006, 30 events are tested.

General results show abnormal return over a 1-week period before and after elections is positively significant. The next-day market after a coup attempt gives significant negative abnormal return and generates significant positive abnormal return in 2 weeks. If the coup is aborted, a negative sign is shown on the even date but not significantly and turn to significant positive abnormal return over a period of 1-week and 2-week. If the coup leads to a new government, a significant negative abnormal return occur within 1 day and change to significantly positive one over both 1-week and 2-week periods. In case of a dissolution of Parliament, the signs from three different models are non-significantly but consistent and show a positive abnormal return over 6 days and turn to negative over 11 days after the event. The market responds negatively to the massacre on October 6th 1976, but not significantly, in contrast to the riot in May 1992, which shows a significant negative abnormal return over a 1-day, and 2-day periods.

These results indicate that election gives positive impact to the market in the long term. The coup exerts a temporary negative shock but boosts the market up in a longer period. In the event of riot, the market reacts more strongly to the latest one, May 1992, than the one in 1976, at the beginning of SET trading. It shows the level of accessibility to news has improved and the market participants are getting more

sophisticated. When the magnitudes of these events impacts are compared, the result is consistent with the uncertain information hypothesis (UIH), postulating the likelihood of an overreaction on bad news and underreaction on goods news.

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Table 1: Timeline of Thai political history after Phiboonsongkram's period

Date	Year	Event	Keyman	Consequences
		Phiboonsongkram had been PM for 9 years		
16-Sep-57	2500	coup led by Sarit	Sarit	
21-Sep-57	2500	Pot took over PM	Pot	
26-Dec-57	2500	Pot resigned	Pot	
1-Jan-58	2501	Tanom took over PM	Tanom	
20-Oct-58	2501	coup led by Sarit	Sarit	Salit took over PM
8-Dec-63	2506	Salit passed away	Sarit	
9-Dec-63	2506	Tanom took over PM 2nd term	Tanom	
17-Nov-71	2514	coup led by Tanom	Tanom	
14-Oct-73	2516	Riot	Tanom	Sanya took over PM
26-Jan-75	2518	election		Seni won
17-Feb-75	2518	Seni started his PM term	Seni	
6-Mar-75	2518	Seni resigned	Seni	
14-Mar-75	2518	Kukrit took over PM	Kukrit	
12-Jan-76	2519	dissolution	Kukrit	
4-Apr-76	2519	election		Seni won
20-Apr-76	2519	Seni ran his 2nd term	Seni	
6-Oct-76	2519	Massacre		
6-Oct-76	2519	coup led by Sa-ngad	Sa-ngad	
8-Oct-76	2519	Tanin was appointed for PM	Tanin	
26-Mar-77	2520	coup led by Chalad	Chalad	coup aborted
20-Oct-77	2520	coup led by Sa-ngad	Sa-ngad	
11-Nov-77	2520	Kriangsak was appointed for PM	Kriangsak	
22-Apr-79	2522	election		Kriangsak won
29-Feb-80	2523	Kriangsak resigned	Kriangsak	
3-Mar-80	2523	Prem took over PM	Prem	
1-Apr-81	2524	coup led by San	San	coup aborted
19-Mar-83	2526	dissolution	Prem	
18-Apr-83	2526	election		Prem continued his term
9-Sep-85	2528	coup led by Manoon	Manoon	coup aborted
1-May-86	2529	dissolution	Prem	

Table 1: Timeline of Thai political history after Phiboonsongkram's period (continued)

Date	Year	Event	Keyman	Consequences
27-Jul-86	2529	election		Prem continued his term
29-Apr-88	2531	dissolution	Prem	
24-Jul-88	2531	election		Chatthai Party won
4-Aug-88	2531	Chatchai took PM	Chatchai	
23-Feb-91	2534	coup led by Sunthon	Sunthon	
2-Mar-91	2534	Anand was appointed for PM	Anand	
22-Mar-92	2535	election		Samakkeethama Party won
7-Apr-92	2535	Suchinda took ever PM	Suchinda	
17-May-92	2535	Bloody May		
24-May-92	2535	Suchinda resigned	Suchinda	
10-Jun-92	2535	Anand was appointed for PM	Anand	
29-Jun-92	2535	dissolution	Anand	
13-Sep-92	2535	election		Democratic Party won
23-Sep-92	2535	Chuan became PM	Chuan	
19-May-95	2538	dissolution	Chuan	
2-Jul-95	2538	election		Chatthai Party won
13-Jul-95	2538	Banhan became PM	Banhan	
27-Sep-96	2539	dissolution	Banhan	
17-Nov-96	2539	election		New Aspiration Party won
25-Nov-96	2539	Chavalit became PM	Chavalit	
6-Nov-97	2540	Chavalit resigned	Chavalit	
9-Nov-97	2540	Chuan took over PM	Chuan	
9-May-00	2543	dissolution	Chuan	
6-Jan-01	2544	election		Thai Rak Thai Party won
9-Feb-01	2544	Taksin became PM	Taksin	
6-Feb-05	2548	election		Thai Rak Thai Party won
9-Mar-05	2548	Taksin continued his term	Taksin	
24-Feb-06	2549	dissolution	Taksin	
2-Apr-06	2549	election		the result was not assured
19-Sep-06	2549	coup led by Sonthi	Sonthi	
1-Oct-06	2549	Surayut was appointed for PM	Surayut	

Table 2: Event date of testing events of Thai politics

Actual Date	Year	Weekday	Event	Event date	Weekday
12-Jan-76	2519	Mon	dissolution	12-Jan-76	Mon
4-Apr-76	2519	Sun	election	5-Apr-76	Mon
6-Oct-76	2519	Wed	massacre	6-Oct-76	Wed
6-Oct-76	2519	Wed	coup by Sa-ngad	6-Oct-76	Wed
26-Mar-77	2520	Sat	coup by Chalad	28-Mar-77	Mon
20-Oct-77	2520	Thu	coup by Sa-ngad	20-Oct-77	Thu
22-Apr-79	2522	Sun	election	23-Apr-79	Mon
1-Apr-81	2524	Wed	coup by San	1-Apr-81	Wed
19-Mar-83	2526	Sat	dissolution	21-Mar-83	Mon
17-Apr-83	2526	Sun	election	18-Apr-83	Mon
9-Sep-85	2528	Mon	coup by Manoon	9-Sep-85	Mon
1-May-86	2529	Thu	dissolution	2-May-86	Fri
27-Jul-86	2529	Sun	election	28-Jul-86	Mon
29-Apr-88	2531	Fri	dissolution	29-Apr-88	Fri
24-Jul-88	2531	Sun	election	25-Jul-88	Mon
23-Feb-91	2534	Sat	coup by Sunthon	25-Feb-91	Mon
22-Mar-92	2535	Sun	election	23-Mar-92	Mon
17-May-92	2535	Sun	Bloody May	19-May-92	Tue
29-Jun-92	2535	Mon	dissolution	Disregarded	
13-Sep-92	2535	Sun	election	14-Sep-92	Mon
19-May-95	2538	Fri	dissolution	19-May-95	Fri
2-Jul-95	2538	Sun	election	3-Jul-95	Mon
27-Sep-96	2539	Fri	dissolution	27-Sep-96	Fri
17-Nov-96	2539	Sun	election	18-Nov-96	Mon
9-May-00	2543	Tue	dissolution	Disregarded	
6-Jan-01	2544	Sat	election	8-Jan-01	Mon
6-Feb-05	2548	Sun	election	7-Feb-05	Mon
24-Feb-06	2549	Fri	dissolution	27-Feb-06	Mon
2-Apr-06	2549	Sun	election	Disregarded	
19-Sep-06	2549	Tue	coup by Sonthi	21-Sep-06	Thu

Table 3: Result of Regression of SET Composite Index (SET) against Dow Jones Industrial Average Index (INDU), Hang Seng Index (HSI) and Nikkei Index (NKY)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.000111	0.00016	0.693236	0.4882
INDU(-1)	0.162637	0.016876	9.637118	0
HIS	0.149843	0.009632	15.55664	0
NKY	0.124334	0.014553	8.543271	0
R-squared	0.079077	Mean dependent var		0.000244
Adjusted R-squared	0.078724	S.D. dependent var		0.014745
S.E. of regression	0.014153	Akaike info criterion		-5.67726
Sum squared resid	1.569027	Schwarz criterion		-5.6737
Log likelihood	22250.34	F-statistic		224.1976
Durbin-Watson stat	1.727469	Prob(F-statistic)		0

Table 4. Abnormal returns for an event study of the information content of dissolution announcements.

Event	Modified-Market Model			Constant-Mean-Return Model		
Day	AR	CAR	t-stat	AR	CAR	t-stat
-20	-0.001	-0.001	-0.351	-0.002	-0.002	-0.409
-19	-0.006	-0.008	-1.275	-0.006	-0.008	-0.880
-18	-0.005	-0.012*	-1.660	-0.003	-0.011	-0.357
-17	0.001	-0.011	-1.263	0.003	-0.008	0.285
-16	-0.004	-0.015	-1.546	-0.004	-0.012	-0.356
-15	-0.005	-0.019*	-1.867	-0.004	-0.016	-0.337
-14	-0.005	-0.025**	-2.216	-0.004	-0.021	-0.326
-13	-0.001	-0.026**	-2.176	0.001	-0.019	0.076
-12	0.007	-0.019	-1.521	0.007	-0.012	0.496
-11	0.007	-0.012	-0.889	0.007	-0.005	0.480
-10	0.000	-0.011	-0.816	-0.002	-0.007	-0.115
-9	0.007	-0.004	-0.271	0.010	0.003	0.591
-8	-0.008	-0.012	-0.818	-0.006	-0.003	-0.358
-7	0.006	-0.007	-0.425	0.006	0.003	0.307
-6	0.003	-0.004	-0.234	0.004	0.007	0.198
-5	0.002	-0.002	-0.109	0.004	0.011	0.204
-4	-0.001	-0.003	-0.155	0.002	0.013	0.107
-3	0.002	0.000	-0.013	0.003	0.016	0.143
-2	0.000	0.000	-0.026	0.000	0.016	0.022
-1	0.005	0.004	0.234	0.005	0.021	0.241
0	0.002	0.006	0.315	0.001	0.022	0.023
1	0.007	0.013	0.637	0.007	0.029	0.305
2	-0.003	0.010	0.475	0.001	0.030	0.040
3	0.003	0.013	0.613	0.003	0.033	0.120
4	-0.004	0.009	0.431	-0.003	0.030	-0.112
5	0.000	0.009	0.404	-0.002	0.028	-0.094
6	-0.010	-0.001	-0.037	-0.009	0.019	-0.339
7	0.001	0.000	-0.011	-0.002	0.017	-0.067
8	0.001	0.001	0.044	0.002	0.020	0.089
9	-0.001	0.000	-0.019	0.002	0.021	0.066
10	-0.001	-0.001	-0.049	0.001	0.022	0.021
11	-0.001	-0.002	-0.088	-0.001	0.021	-0.023
12	-0.002	-0.004	-0.169	-0.002	0.019	-0.076
13	0.004	-0.001	-0.022	0.003	0.023	0.119
14	0.000	0.000	-0.014	0.000	0.022	-0.007
15	0.004	0.003	0.130	0.004	0.026	0.134
16	0.000	0.003	0.110	-0.001	0.025	-0.033
17	0.001	0.004	0.152	0.001	0.027	0.042
18	-0.003	0.001	0.019	-0.001	0.025	-0.045
19	0.003	0.003	0.119	0.001	0.027	0.042
20	0.000	0.003	0.116	0.002	0.029	0.063

* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Figure 1: Plot of Cumulative Abnormal Returns from Modified Market Model and Constant Mean Return Model for Dissolution Announcements

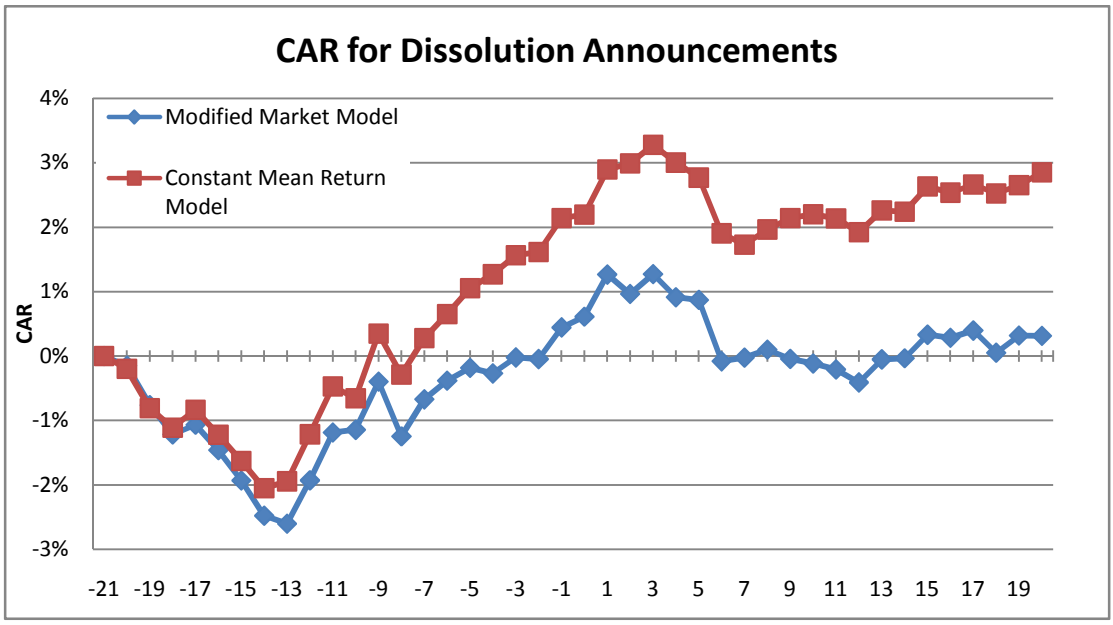


Table 5. Abnormal returns for an event study of the information content of election announcements.

Event Day	Modified-Market Model			Constant-Mean-Return Model		
	AR	CAR	t-stat	AR	CAR	t-stat
-20	0.005	0.005	1.415	0.004	0.004	1.248
-19	-0.004	0.001	0.137	-0.004	0.001	-0.768
-18	0.002	0.003	0.483	0.000	0.001	0.083
-17	-0.003	0.000	0.006	-0.004	-0.003	-0.570
-16	0.004	0.004	0.531	0.003	0.000	0.433
-15	0.001	0.005	0.574	-0.001	0.000	-0.087
-14	0.002	0.007	0.767	0.000	-0.001	-0.038
-13	-0.005	0.001	0.124	-0.002	-0.002	-0.174
-12	0.002	0.003	0.356	0.001	-0.001	0.112
-11	0.002	0.005	0.532	0.001	0.000	0.071
-10	0.000	0.006	0.527	-0.001	-0.002	-0.117
-9	0.004	0.010	0.852	0.004	0.003	0.360
-8	0.003	0.013	1.091	0.005	0.007	0.377
-7	0.000	0.013	1.070	0.000	0.007	0.000
-6	-0.002	0.011	0.850	-0.001	0.006	-0.103
-5	-0.004	0.006	0.488	-0.005	0.001	-0.358
-4	0.004	0.010	0.741	0.002	0.003	0.122
-3	0.005	0.015	1.078	0.004	0.006	0.260
-2	0.006	0.021	1.474	0.006	0.013	0.412
-1	0.009	0.029**	2.034	0.007	0.020	0.483
0	0.001	0.031**	2.081	0.001	0.022	0.088
1	0.004	0.035**	2.295	0.005	0.026	0.299
2	-0.001	0.034**	2.186	0.000	0.027	0.014
3	0.002	0.036**	2.269	0.001	0.028	0.076
4	0.003	0.039**	2.435	0.008	0.035	0.437
5	0.001	0.041**	2.468	0.003	0.039	0.179
6	-0.005	0.036**	2.130	-0.005	0.034	-0.272
7	0.001	0.036**	2.122	0.000	0.033	-0.024
8	0.002	0.038**	2.174	0.002	0.035	0.082
9	0.000	0.038**	2.127	0.000	0.035	-0.013
10	-0.003	0.035*	1.936	-0.003	0.032	-0.131
11	0.000	0.035*	1.903	-0.005	0.027	-0.261
12	0.000	0.035*	1.876	-0.002	0.025	-0.117
13	0.001	0.035*	1.875	0.002	0.027	0.106
14	-0.001	0.034*	1.803	-0.001	0.026	-0.054
15	-0.004	0.030	1.570	-0.002	0.024	-0.097
16	-0.004	0.027	1.357	-0.005	0.019	-0.224
17	-0.001	0.026	1.294	-0.001	0.018	-0.039
18	-0.003	0.023	1.153	-0.003	0.015	-0.130
19	0.002	0.025	1.246	0.001	0.016	0.047
20	-0.002	0.023	1.135	-0.002	0.014	-0.100

* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Figure 2: Plot of Cumulative Abnormal Returns from Modified Market Model and Constant Mean Return Model for Elections

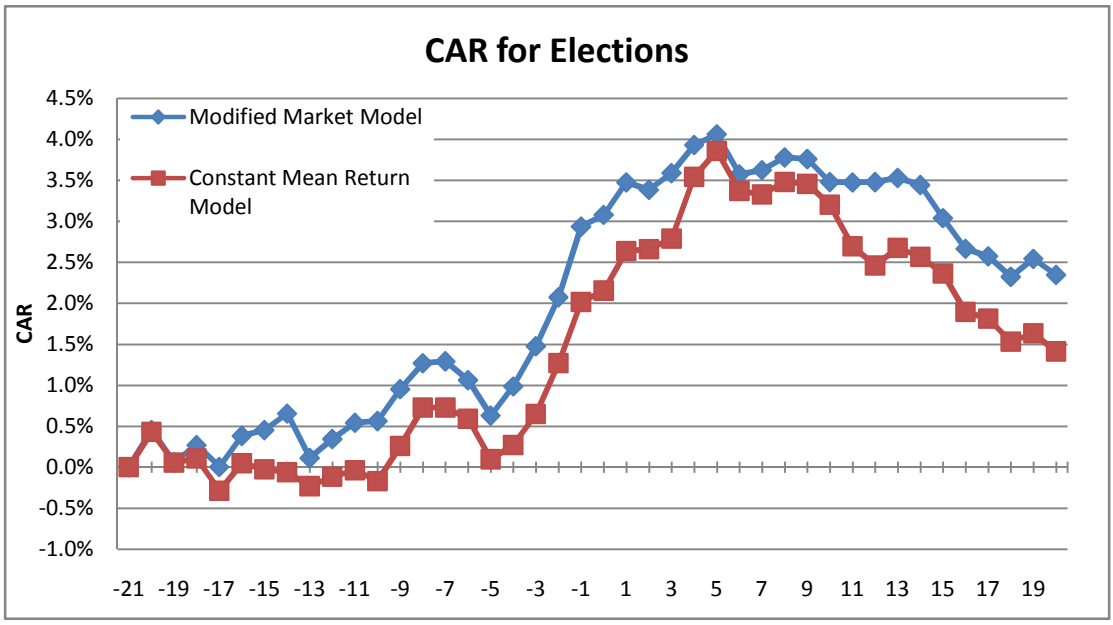


Table 6. Abnormal returns for an event study of the information content of coup attempt announcements.

Event	Modified-Market Model			Constant-Mean-Return Model		
Day	AR	CAR	t-stat	AR	CAR	t-stat
-20	-0.003	-0.003	-0.625	-0.003	-0.003	-0.477
-19	-0.002	-0.005	-0.723	-0.003	-0.006	-0.379
-18	0.001	-0.004	-0.514	0.001	-0.005	0.142
-17	-0.003	-0.007	-0.752	0.001	-0.004	0.070
-16	0.005	-0.002	-0.238	0.006	0.002	0.452
-15	0.001	-0.002	-0.145	0.003	0.005	0.211
-14	-0.003	-0.005	-0.384	0.003	0.009	0.203
-13	-0.005	-0.010	-0.753	-0.003	0.005	-0.200
-12	0.002	-0.007	-0.532	0.004	0.009	0.215
-11	0.004	-0.003	-0.211	0.004	0.013	0.207
-10	0.004	0.000	0.026	0.005	0.017	0.230
-9	-0.001	0.000	-0.030	0.002	0.020	0.103
-8	0.000	-0.001	-0.039	0.000	0.019	-0.020
-7	0.003	0.003	0.155	0.005	0.024	0.208
-6	0.005	0.008	0.445	0.005	0.029	0.210
-5	0.006	0.014	0.759	0.013	0.041	0.530
-4	0.007	0.021	1.106	0.007	0.048	0.300
-3	0.003	0.024	1.241	0.005	0.053	0.180
-2	-0.004	0.020	1.009	-0.005	0.048	-0.192
-1	0.000	0.021	0.991	0.000	0.048	-0.012
0	-0.019	0.001	0.068	-0.015	0.032	-0.565
1	0.007	0.008	0.374	0.007	0.040	0.256
2	0.005	0.013	0.600	0.003	0.042	0.095
3	0.009	0.022	0.969	0.010	0.052	0.335
4	-0.001	0.021	0.894	0.002	0.054	0.065
5	0.003	0.024	1.019	0.005	0.059	0.160
6	0.005	0.029	1.197	0.009	0.068	0.302
7	0.005	0.034	1.383	0.005	0.073	0.153
8	0.005	0.039	1.556	0.004	0.077	0.129
9	0.013	0.052**	2.024	0.013	0.090	0.400
10	0.008	0.060**	2.319	0.009	0.099	0.286
11	0.006	0.066**	2.523	0.005	0.105	0.160
12	-0.001	0.065**	2.446	-0.001	0.104	-0.027
13	-0.004	0.061**	2.254	-0.001	0.103	-0.016
14	-0.003	0.058**	2.115	-0.002	0.102	-0.049
15	-0.004	0.054*	1.938	-0.005	0.097	-0.135
16	0.004	0.058**	2.049	0.000	0.097	0.010
17	0.001	0.059**	2.056	0.001	0.098	0.020
18	-0.005	0.054**	1.872	-0.003	0.095	-0.079
19	-0.006	0.048	1.630	-0.006	0.089	-0.165
20	-0.015	0.033	1.113	-0.016	0.073	-0.413

* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Figure 3: Plot of Cumulative Abnormal Returns from Modified Market Model and Constant Mean Return Model for Coup Attempts Announcements.

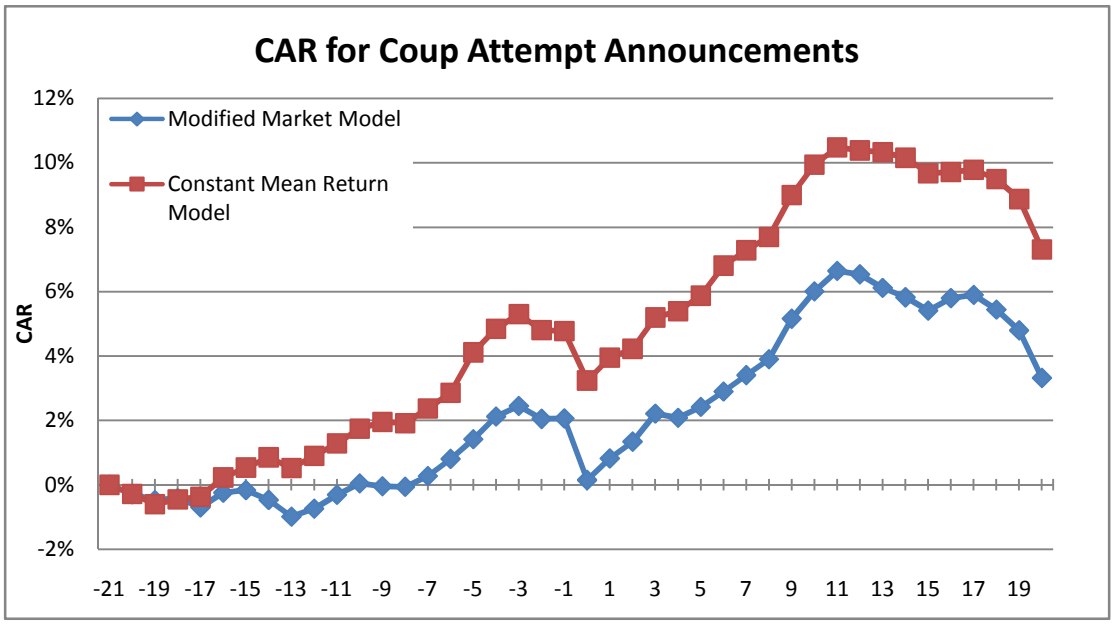


Table 7. Abnormal returns for an event study of the information content of successful coup.

Event Day	Modified-Market Model			Constant-Mean-Return Model		
	AR	CAR	t-stat	AR	CAR	t-stat
-20	-0.006	-0.006	-0.854	-0.006	-0.006	-0.643
-19	0.002	-0.004	-0.423	-0.001	-0.007	-0.045
-18	0.004	-0.001	-0.051	0.006	-0.001	0.357
-17	-0.003	-0.004	-0.240	0.004	0.003	0.188
-16	0.009	0.005	0.322	0.012	0.015	0.539
-15	0.003	0.008	0.440	0.007	0.021	0.281
-14	-0.004	0.005	0.230	0.007	0.029	0.289
-13	-0.007	-0.002	-0.095	-0.004	0.025	-0.132
-12	0.006	0.004	0.199	0.009	0.034	0.310
-11	0.007	0.011	0.475	0.006	0.040	0.197
-10	0.008	0.019	0.778	0.010	0.050	0.298
-9	0.000	0.019	0.740	0.006	0.056	0.170
-8	0.000	0.019	0.709	-0.001	0.055	-0.018
-7	0.004	0.023	0.811	0.006	0.061	0.160
-6	0.010	0.033	1.126	0.009	0.070	0.228
-5	0.015	0.047	1.581	0.026	0.096	0.671
-4	0.009	0.056*	1.830	0.009	0.105	0.222
-3	0.008	0.064**	2.029	0.010	0.115	0.239
-2	-0.007	0.058**	1.771	-0.009	0.106	-0.203
-1	-0.001	0.056*	1.686	-0.002	0.104	-0.050
0	-0.032	0.025	0.721	-0.025	0.078	-0.565
1	0.013	0.038	1.086	0.014	0.093	0.311
2	0.006	0.044	1.217	0.002	0.095	0.040
3	0.004	0.047	1.298	0.006	0.101	0.126
4	-0.001	0.047	1.254	0.005	0.106	0.108
5	0.006	0.053	1.391	0.009	0.115	0.179
6	0.009	0.062	1.603	0.017	0.132	0.335
7	0.007	0.069*	1.759	0.007	0.139	0.131
8	0.006	0.075*	1.872	0.004	0.143	0.085
9	0.013	0.088**	2.153	0.014	0.157	0.257
10	0.006	0.094**	2.268	0.008	0.165	0.154
11	0.006	0.100**	2.378	0.004	0.170	0.079
12	-0.005	0.095**	2.216	-0.005	0.164	-0.097
13	-0.008	0.087**	2.003	-0.001	0.163	-0.014
14	0.004	0.091**	2.068	0.005	0.169	0.091
15	0.008	0.099**	2.212	0.008	0.176	0.132
16	0.006	0.105**	2.324	0.000	0.176	0.001
17	0.000	0.106**	2.299	-0.001	0.176	-0.011
18	-0.007	0.099**	2.121	-0.004	0.172	-0.067
19	-0.006	0.093*	1.973	-0.005	0.166	-0.085
20	-0.017	0.076	1.600	-0.018	0.148	-0.286

* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Figure 4: Plot of Cumulative Abnormal Returns from Modified Market Model and Constant Mean Return Model for Successful Coups

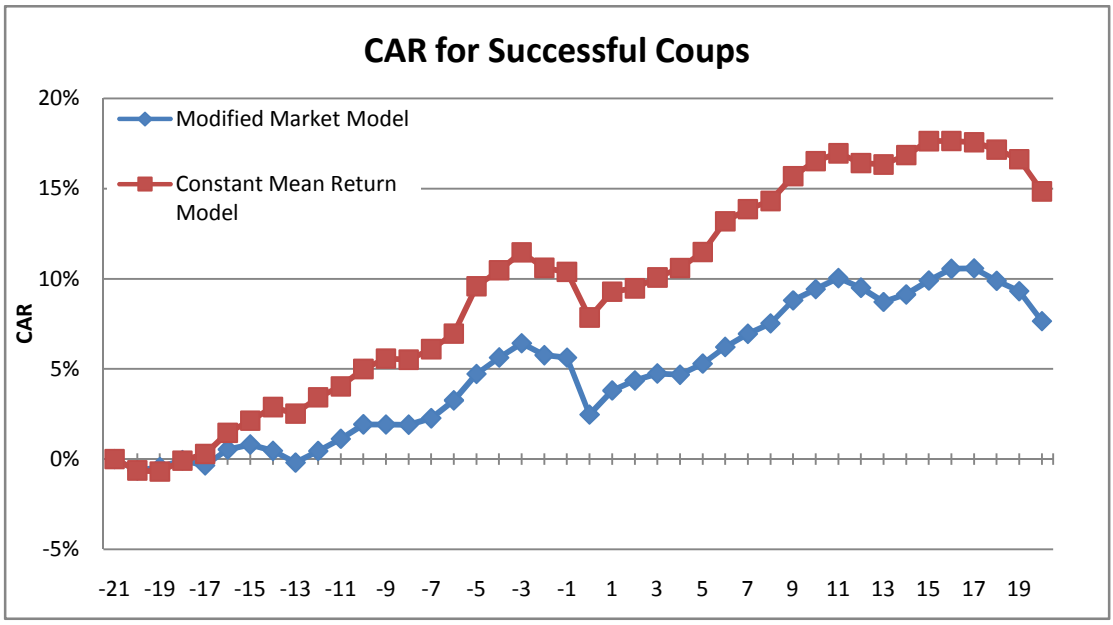


Table 8. Abnormal returns for an event study of the information content of aborted coups.

Event Day	Modified-Market Model			Constant-Mean-Return Model		
	AR	CAR	t-stat	AR	CAR	t-stat
-20	0.002	0.002	0.543	0.002	0.002	0.543
-19	-0.007	-0.005	-1.161	-0.007	-0.005	-1.432
-18	-0.004	-0.009	-1.616	-0.005	-0.009	-0.823
-17	-0.003	-0.012*	-1.841	-0.003	-0.012	-0.454
-16	-0.001	-0.013*	-1.842	-0.002	-0.014	-0.235
-15	-0.002	-0.015*	-1.898	-0.002	-0.016	-0.227
-14	-0.002	-0.017**	-2.057	-0.003	-0.018	-0.292
-13	-0.003	-0.020**	-2.304	-0.003	-0.021	-0.321
-12	-0.003	-0.023**	-2.473	-0.003	-0.025	-0.327
-11	0.001	-0.022**	-2.237	0.001	-0.024	0.092
-10	-0.003	-0.025**	-2.375	-0.002	-0.026	-0.213
-9	-0.002	-0.027**	-2.451	-0.003	-0.029	-0.242
-8	0.000	-0.027**	-2.382	0.000	-0.029	-0.016
-7	0.003	-0.024**	-2.035	0.003	-0.026	0.245
-6	-0.001	-0.025**	-2.028	0.000	-0.026	-0.020
-5	-0.005	-0.030**	-2.383	-0.006	-0.032	-0.429
-4	0.004	-0.026*	-1.976	0.005	-0.027	0.387
-3	-0.003	-0.028**	-2.140	-0.003	-0.029	-0.189
-2	-0.001	-0.029**	-2.123	0.000	-0.029	-0.004
-1	0.002	-0.027*	-1.918	0.002	-0.027	0.151
0	-0.003	-0.029**	-2.049	-0.002	-0.029	-0.141
1	-0.002	-0.032**	-2.148	-0.002	-0.031	-0.155
2	0.005	-0.027*	-1.783	0.004	-0.028	0.244
3	0.015	-0.012	-0.761	0.015	-0.013	0.922
4	-0.002	-0.014	-0.881	-0.003	-0.015	-0.155
5	0.000	-0.014	-0.882	-0.001	-0.016	-0.034
6	-0.001	-0.015	-0.940	-0.001	-0.017	-0.056
7	0.002	-0.013	-0.790	0.002	-0.015	0.126
8	0.004	-0.009	-0.547	0.004	-0.011	0.208
9	0.012	0.003	0.179	0.012	0.001	0.673
10	0.012	0.015	0.836	0.011	0.012	0.601
11	0.007	0.021	1.195	0.007	0.018	0.363
12	0.005	0.026	1.438	0.005	0.023	0.272
13	0.001	0.027	1.451	0.000	0.023	-0.011
14	-0.012	0.014	0.764	-0.011	0.012	-0.571
15	-0.020	-0.006	-0.304	-0.022	-0.009	-1.104
16	0.000	-0.005	-0.276	0.001	-0.008	0.041
17	0.002	-0.003	-0.173	0.003	-0.006	0.130
18	-0.001	-0.005	-0.246	-0.001	-0.007	-0.067
19	-0.007	-0.012	-0.614	-0.007	-0.015	-0.360
20	-0.012	-0.024	-1.219	-0.013	-0.027	-0.612

* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Figure 5: Plot of Cumulative Abnormal Returns from Modified Market Model and Constant Mean Return Model for Aborted Coups

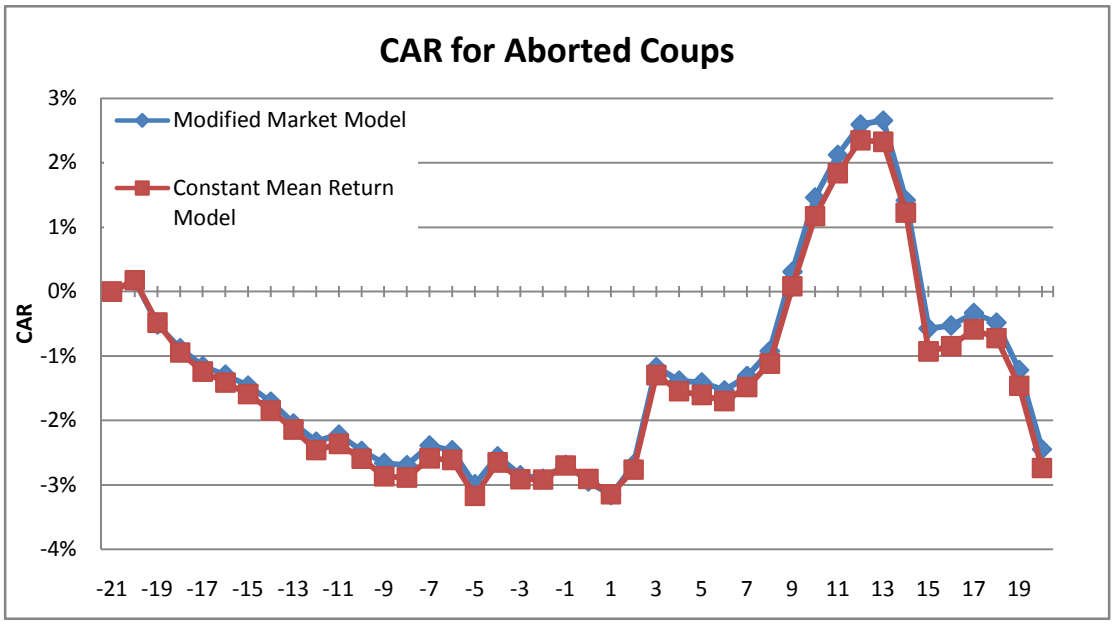


Table 9. Abnormal returns for an event study of the information content of the massacre on 6th October 1976.

Event Day	Modified-Market Model			Constant-Mean-Return Model		
	AR	CAR	t-stat	AR	CAR	t-stat
-20	-0.023	-0.023***	-3.862	-0.023	-0.023***	-3.865
-19	0.002	-0.021**	-2.486	0.003	-0.021	0.342
-18	0.005	-0.017	-1.590	0.003	-0.017	0.315
-17	0.005	-0.011	-0.951	0.004	-0.013	0.366
-16	0.003	-0.009	-0.650	0.004	-0.009	0.261
-15	-0.001	-0.010	-0.672	-0.001	-0.010	-0.053
-14	-0.002	-0.012	-0.744	-0.002	-0.012	-0.112
-13	-0.002	-0.014	-0.826	-0.003	-0.015	-0.172
-12	0.001	-0.014	-0.751	0.000	-0.015	-0.001
-11	0.004	-0.010	-0.527	0.003	-0.012	0.165
-10	0.007	-0.003	-0.137	0.006	-0.006	0.289
-9	0.010	0.008	0.372	0.011	0.005	0.502
-8	-0.005	0.003	0.133	-0.004	0.000	-0.202
-7	0.000	0.003	0.114	0.000	0.000	-0.001
-6	-0.001	0.001	0.049	-0.003	-0.003	-0.140
-5	0.002	0.003	0.119	0.002	-0.001	0.067
-4	0.004	0.007	0.269	0.004	0.003	0.165
-3	0.000	0.007	0.268	0.001	0.004	0.033
-2	0.000	0.007	0.255	0.000	0.004	-0.001
-1	0.001	0.007	0.273	0.001	0.005	0.036
0	-0.007	0.001	0.025	-0.006	-0.001	-0.213
1	0.001	0.002	0.057	0.002	0.000	0.066
2	0.010	0.012	0.407	0.010	0.011	0.352
3	-0.003	0.009	0.306	-0.002	0.009	-0.072
4	0.000	0.009	0.285	0.002	0.011	0.073
5	-0.003	0.006	0.183	-0.002	0.009	-0.069
6	0.002	0.008	0.242	0.001	0.009	0.019
7	0.000	0.007	0.224	0.000	0.010	0.007
8	0.000	0.007	0.211	0.000	0.010	0.007
9	-0.001	0.006	0.190	0.000	0.010	-0.004
10	-0.001	0.006	0.171	0.000	0.009	-0.012
11	0.001	0.006	0.184	0.000	0.009	-0.001
12	0.002	0.008	0.240	0.004	0.013	0.110
13	-0.003	0.005	0.143	-0.003	0.010	-0.085
14	0.001	0.006	0.177	0.000	0.010	0.003
15	-0.002	0.005	0.128	-0.002	0.008	-0.066
16	0.000	0.005	0.125	0.000	0.008	-0.001
17	0.003	0.007	0.201	0.002	0.010	0.053
18	0.000	0.007	0.194	0.001	0.010	0.016
19	-0.003	0.004	0.114	-0.003	0.007	-0.079
20	-0.001	0.004	0.092	0.001	0.008	0.032

* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Figure 6: Plot of Cumulative Abnormal Returns from Modified Market Model and Constant Mean Return Model for the Massacre on the 6th October 1976

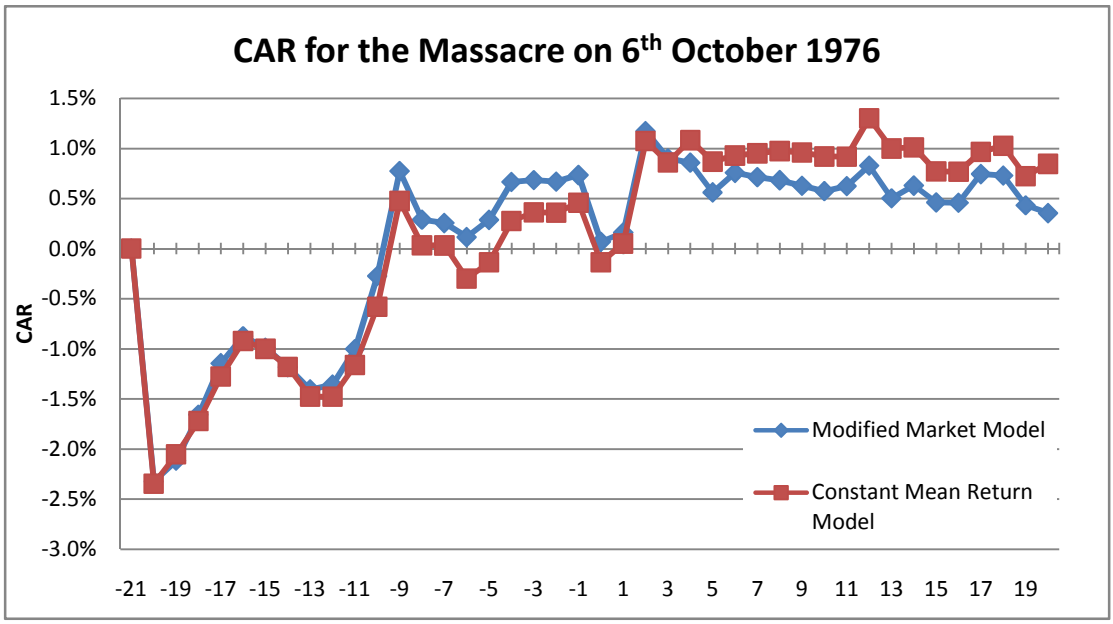


Figure 7: Plot of SET Index Performance Before the Massacre on the 6th October 1976

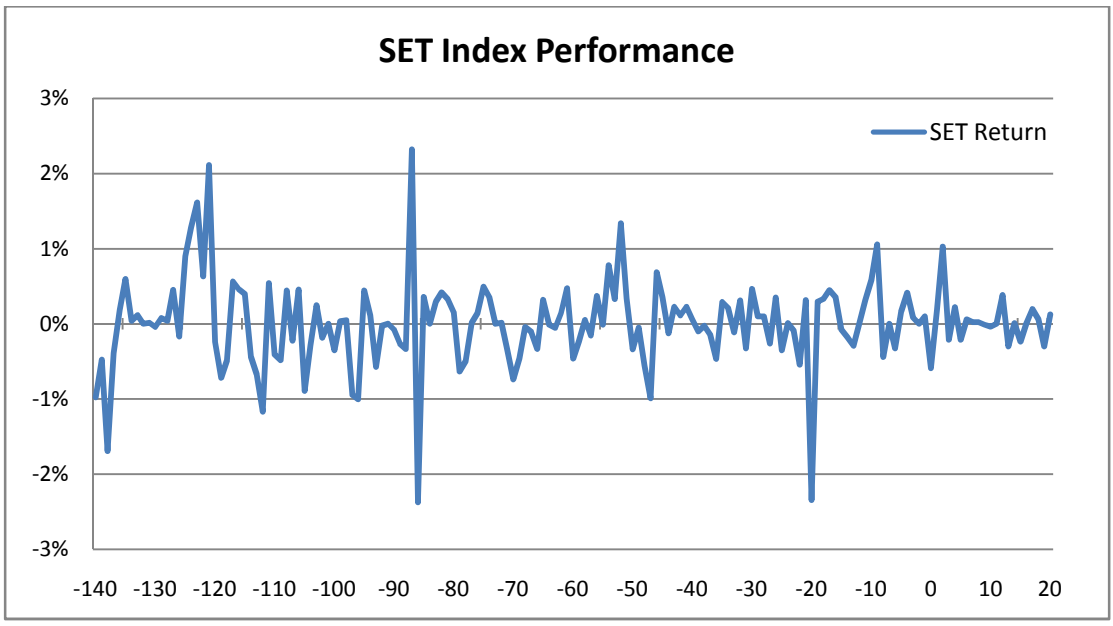


Table 10. Abnormal returns for an event study of the information content of the riot during 17th -20th May 1992.

Event	Modified-Market Model			Constant-Mean-Return Model		
Day	AR	CAR	t-stat	AR	CAR	t-stat
-20	-0.013	-0.013	-1.263	-0.003	-0.003	-0.299
-19	0.013	0.001	0.046	0.015	0.011	0.969
-18	-0.019	-0.018	-1.030	-0.018	-0.007	-0.995
-17	-0.030	-0.048**	-2.382	-0.031	-0.038	-1.456
-16	-0.004	-0.053**	-2.319	0.001	-0.037	0.052
-15	0.007	-0.045*	-1.820	0.012	-0.024	0.481
-14	-0.008	-0.053*	-1.972	-0.005	-0.029	-0.167
-13	-0.028	-0.081***	-2.831	-0.027	-0.056	-0.898
-12	-0.011	-0.093***	-3.044	-0.009	-0.065	-0.295
-11	-0.013	-0.106***	-3.304	-0.016	-0.081	-0.470
-10	0.002	-0.104***	-3.078	0.004	-0.077	0.122
-9	-0.014	-0.117***	-3.334	-0.001	-0.078	-0.029
-8	-0.060	-0.177***	-4.851	-0.060	-0.137	-1.562
-7	-0.013	-0.191***	-5.023	-0.011	-0.148	-0.271
-6	0.030	-0.160***	-4.082	0.030	-0.119	0.721
-5	0.052	-0.108***	-2.659	0.054	-0.064	1.282
-4	-0.033	-0.141***	-3.375	-0.028	-0.092	-0.648
-3	-0.034	-0.175***	-4.063	-0.032	-0.124	-0.700
-2	-0.006	-0.181***	-4.095	-0.006	-0.130	-0.122
-1	0.008	-0.173***	-3.813	0.006	-0.124	0.119
0	-0.091	-0.264***	-5.689	-0.094	-0.218*	-1.934
1	0.006	-0.259***	-5.438	0.013	-0.205	0.263
2	0.080	-0.178***	-3.664	0.086	-0.119*	1.681
3	-0.028	-0.207***	-4.157	-0.029	-0.148	-0.553
4	0.025	-0.181***	-3.572	0.032	-0.116	0.597
5	-0.021	-0.203***	-3.916	-0.019	-0.135	-0.343
6	-0.021	-0.224***	-4.241	-0.020	-0.155	-0.367
7	-0.013	-0.237***	-4.411	-0.016	-0.172	-0.293
8	-0.030	-0.266***	-4.878	-0.024	-0.196	-0.421
9	0.014	-0.253***	-4.547	0.013	-0.182	0.231
10	-0.034	-0.287***	-5.082	-0.033	-0.215	-0.555
11	0.004	-0.283***	-4.940	0.002	-0.213	0.041
12	0.006	-0.278***	-4.768	0.007	-0.206	0.108
13	0.024	-0.254***	-4.292	0.024	-0.182	0.390
14	0.002	-0.252***	-4.196	0.000	-0.181	0.006
15	-0.027	-0.279***	-4.587	-0.028	-0.210	-0.442
16	0.005	-0.274***	-4.444	0.003	-0.206	0.049
17	0.073	-0.201***	-3.210	0.069	-0.138	1.054
18	0.003	-0.198***	-3.121	0.004	-0.134	0.054
19	0.002	-0.196***	-3.052	0.003	-0.131	0.038
20	0.006	-0.190***	-2.928	0.007	-0.124	0.110

* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Figure 8: Plot of Cumulative Abnormal Returns from Modified Market Model and Constant Mean Return Model for the Riot in May 1992

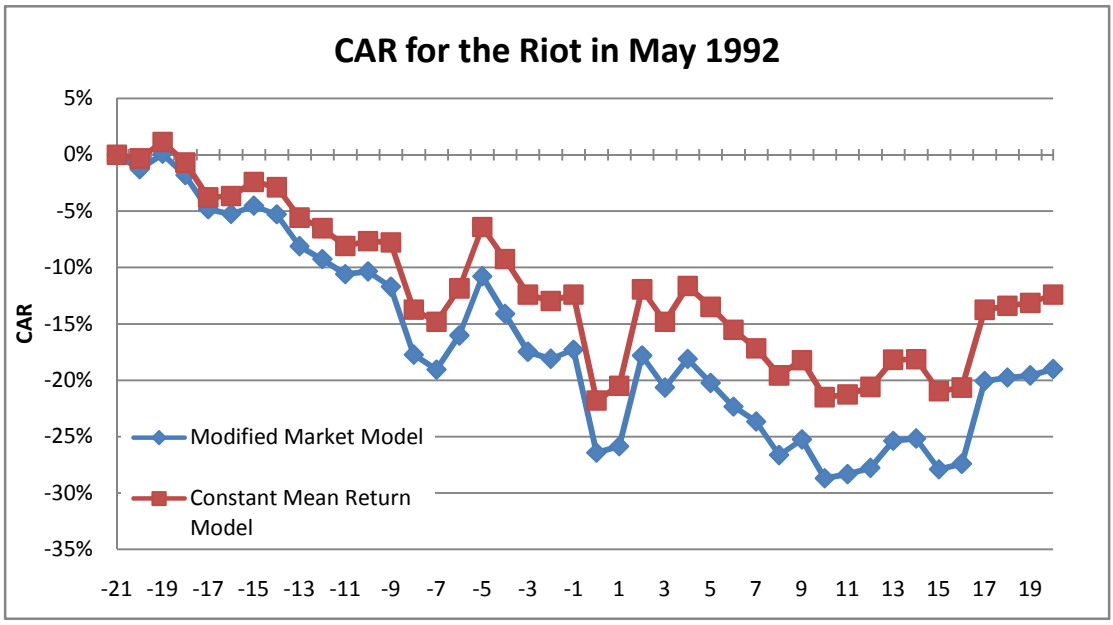


Figure 9: Plot of SET Index Performance Before the Riot in May 1992

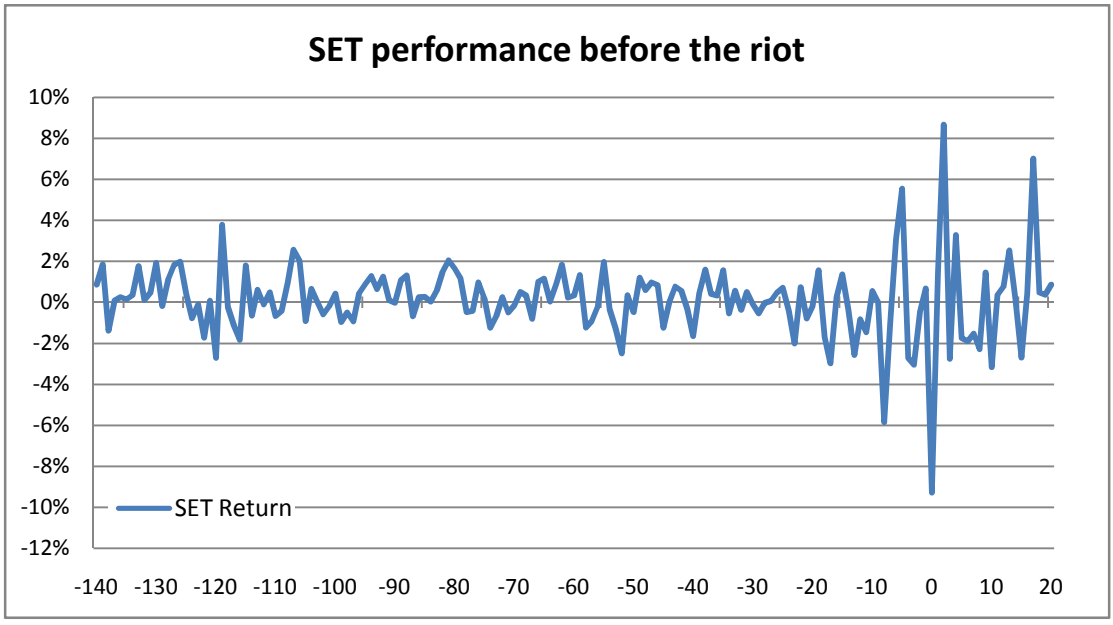
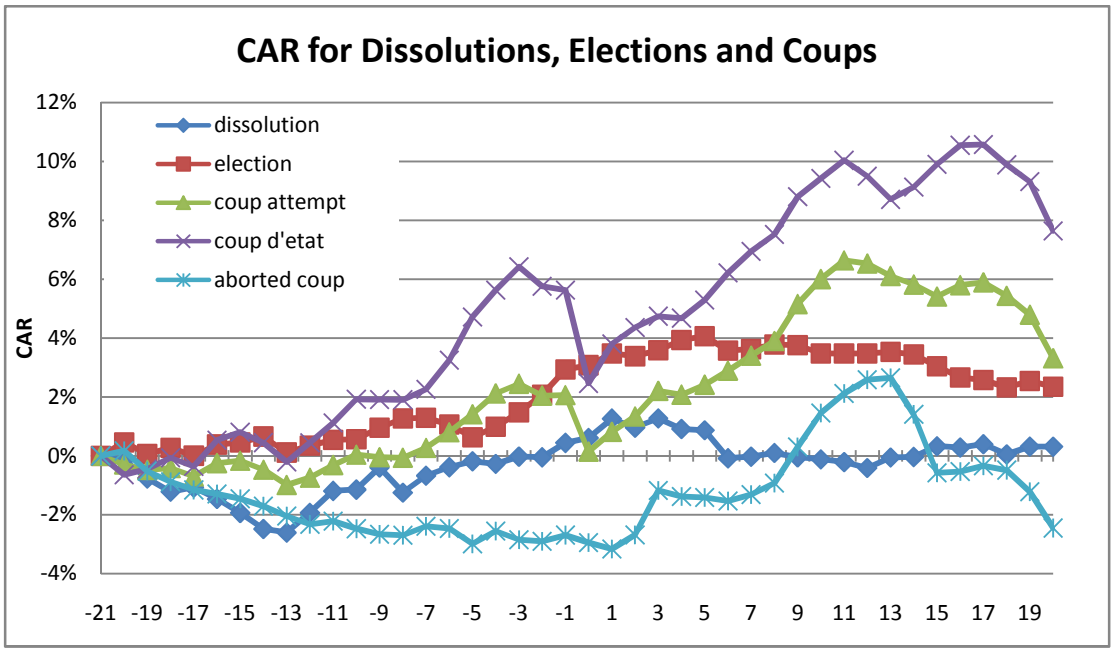


Table 11. Cumulative modified market model abnormal returns for an event study of the information content of political events.

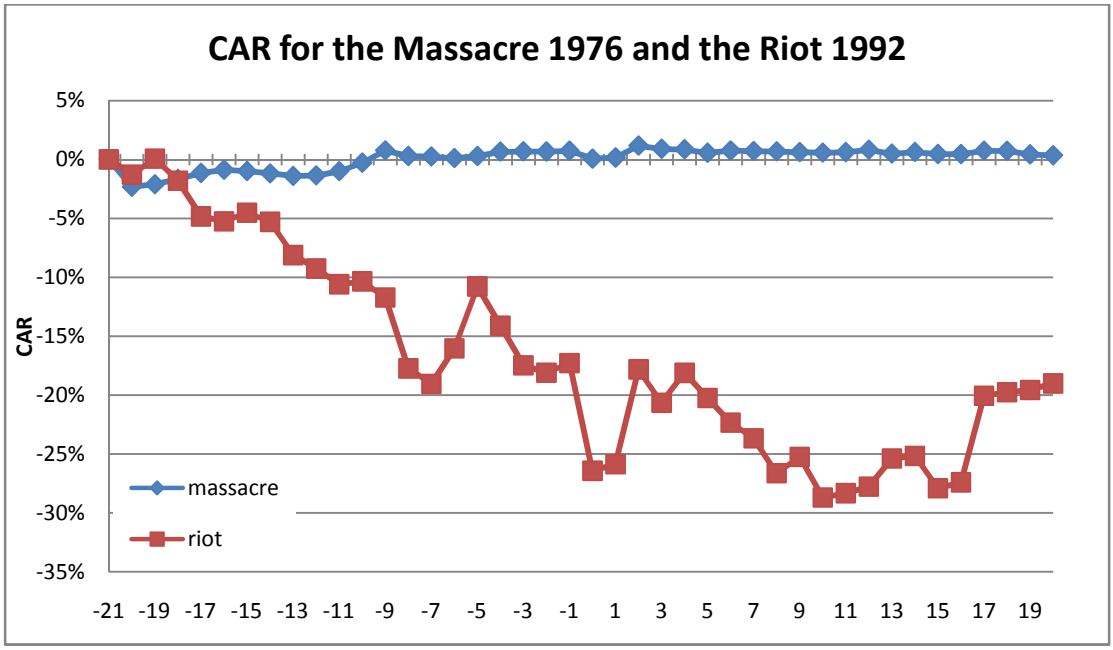
Event Day	CAR						
	Dis-solution	Election	Coup Attempt	Coup d'état	Aborted Coup	Massacre 1976	Riot 1992
-20	-0.001	0.005	-0.003	-0.006	0.002	-0.023***	-0.013
-19	-0.008	0.001	-0.005	-0.004	-0.005	-0.021**	0.001
-18	-0.012*	0.003	-0.004	-0.001	-0.009	-0.017	-0.018
-17	-0.011	0.000	-0.007	-0.004	-0.012*	-0.011	-0.048**
-16	-0.015	0.004	-0.002	0.005	-0.013*	-0.009	-0.053**
-15	-0.019*	0.005	-0.002	0.008	-0.015*	-0.010	-0.045*
-14	-0.025**	0.007	-0.005	0.005	-0.017**	-0.012	-0.053*
-13	-0.026**	0.001	-0.010	-0.002	-0.020**	-0.014	-0.081***
-12	-0.019	0.003	-0.007	0.004	-0.023**	-0.014	-0.093***
-11	-0.012	0.005	-0.003	0.011	-0.022**	-0.010	-0.106***
-10	-0.011	0.006	0.000	0.019	-0.025**	-0.003	-0.104***
-9	-0.004	0.010	0.000	0.019	-0.027**	0.008	-0.117***
-8	-0.012	0.013	-0.001	0.019	-0.027**	0.003	-0.177***
-7	-0.007	0.013	0.003	0.023	-0.024**	0.003	-0.191***
-6	-0.004	0.011	0.008	0.033	-0.025**	0.001	-0.160***
-5	-0.002	0.006	0.014	0.047	-0.030**	0.003	-0.108***
-4	-0.003	0.010	0.021	0.056*	-0.026*	0.007	-0.141***
-3	0.000	0.015	0.024	0.064**	-0.028**	0.007	-0.175***
-2	0.000	0.021	0.020	0.058**	-0.029**	0.007	-0.181***
-1	0.004	0.029**	0.021	0.056*	-0.027*	0.007	-0.173***
0	0.006	0.031**	0.001	0.025	-0.029**	0.001	-0.264***
1	0.013	0.035**	0.008	0.038	-0.032**	0.002	-0.259***
2	0.010	0.034**	0.013	0.044	-0.027*	0.012	-0.178***
3	0.013	0.036**	0.022	0.047	-0.012	0.009	-0.207***
4	0.009	0.039**	0.021	0.047	-0.014	0.009	-0.181***
5	0.009	0.041**	0.024	0.053	-0.014	0.006	-0.203***
6	-0.001	0.036**	0.029	0.062	-0.015	0.008	-0.224***
7	0.000	0.036**	0.034	0.069*	-0.013	0.007	-0.237***
8	0.001	0.038**	0.039	0.075*	-0.009	0.007	-0.266***
9	0.000	0.038**	0.052**	0.088**	0.003	0.006	-0.253***
10	-0.001	0.035*	0.060**	0.094**	0.015	0.006	-0.287***
11	-0.002	0.035*	0.066**	0.100**	0.021	0.006	-0.283***
12	-0.004	0.035*	0.065**	0.095**	0.026	0.008	-0.278***
13	-0.001	0.035*	0.061**	0.087**	0.027	0.005	-0.254***
14	0.000	0.034*	0.058**	0.091**	0.014	0.006	-0.252***
15	0.003	0.030	0.054*	0.099**	-0.006	0.005	-0.279***
16	0.003	0.027	0.058**	0.105**	-0.005	0.005	-0.274***
17	0.004	0.026	0.059**	0.106**	-0.003	0.007	-0.201***
18	0.001	0.023	0.054*	0.099**	-0.005	0.007	-0.198***
19	0.003	0.025	0.048	0.093*	-0.012	0.004	-0.196***
20	0.003	0.023	0.033	0.076	-0.024	0.004	-0.190***

* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Figure 10: Plot of Cumulative Modified Market Model Abnormal Returns for all Tested Political Events.



Panel A: Plot of Cumulative Modified Market Model Abnormal Returns for Dissolution, Elections, Coup Attempts, Coup d'états and Aborted Coups



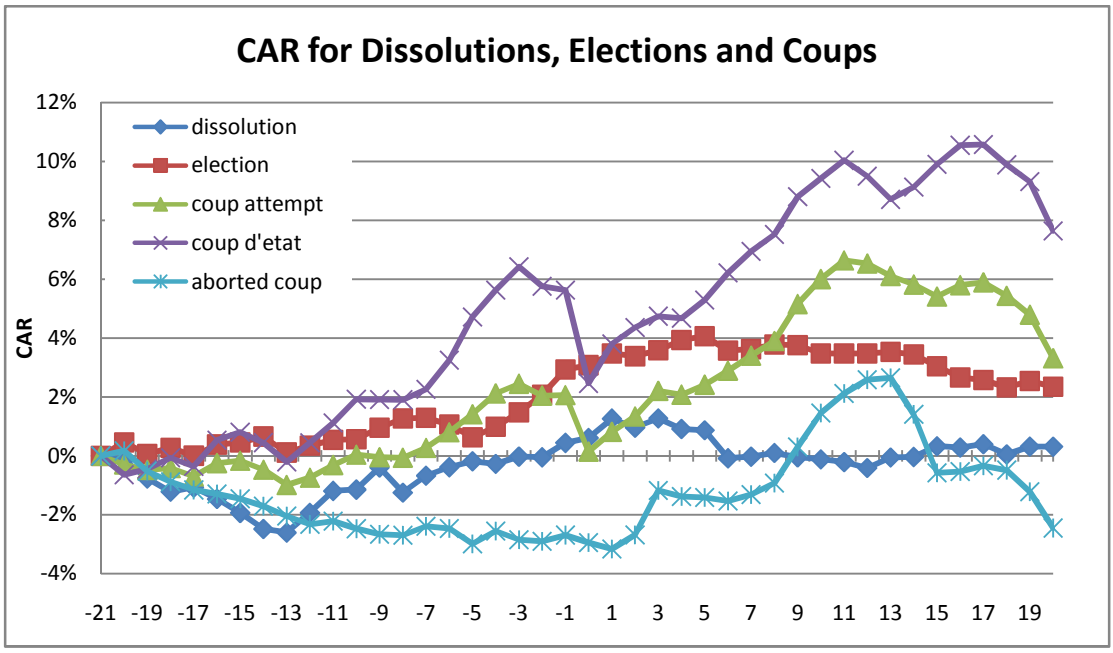
Panel B: Plot of Cumulative Modified Market Model Abnormal Returns for the Massacre on 6th October 1976 and the Riot in May 1992

Table 12. Cumulative constant mean return model abnormal returns for an event study of the information content of political events.

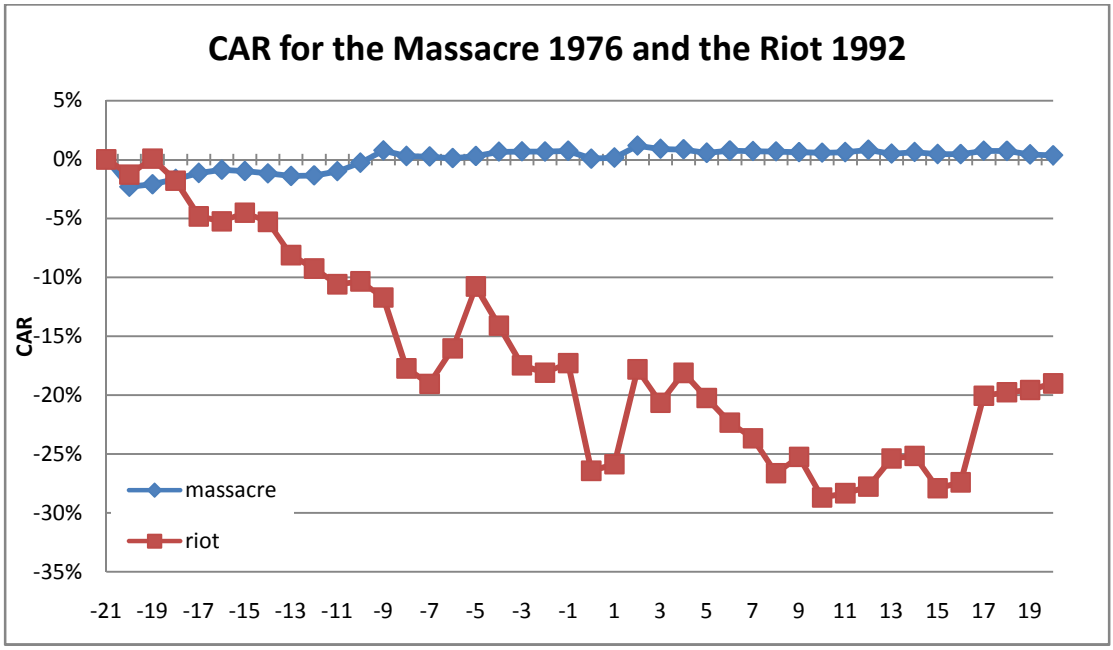
Event Day	CAR						
	Dis-solution	Election	Coup Attempt	Coup d'état	Aborted Coup	Massacre 1976	Riot 1992
-20	-0.002	0.004	-0.003	-0.006	0.002	-0.023***	-0.003
-19	-0.008	0.001	-0.006	-0.007	-0.005	-0.021	0.011
-18	-0.011	0.001	-0.005	-0.001	-0.009	-0.017	-0.007
-17	-0.008	-0.003	-0.004	0.003	-0.012	-0.013	-0.038
-16	-0.012	0.000	0.002	0.015	-0.014	-0.009	-0.037
-15	-0.016	0.000	0.005	0.021	-0.016	-0.010	-0.024
-14	-0.021	-0.001	0.009	0.029	-0.018	-0.012	-0.029
-13	-0.019	-0.002	0.005	0.025	-0.021	-0.015	-0.056
-12	-0.012	-0.001	0.009	0.034	-0.025	-0.015	-0.065
-11	-0.005	0.000	0.013	0.040	-0.024	-0.012	-0.081
-10	-0.007	-0.002	0.017	0.050	-0.026	-0.006	-0.077
-9	0.003	0.003	0.020	0.056	-0.029	0.005	-0.078
-8	-0.003	0.007	0.019	0.055	-0.029	0.000	-0.137
-7	0.003	0.007	0.024	0.061	-0.026	0.000	-0.148
-6	0.007	0.006	0.029	0.070	-0.026	-0.003	-0.119
-5	0.011	0.001	0.041	0.096	-0.032	-0.001	-0.064
-4	0.013	0.003	0.048	0.105	-0.027	0.003	-0.092
-3	0.016	0.006	0.053	0.115	-0.029	0.004	-0.124
-2	0.016	0.013	0.048	0.106	-0.029	0.004	-0.130
-1	0.021	0.020	0.048	0.104	-0.027	0.005	-0.124
0	0.022	0.022	0.032	0.078	-0.029	-0.001	-0.218*
1	0.029	0.026	0.040	0.093	-0.031	0.000	-0.205
2	0.030	0.027	0.042	0.095	-0.028	0.011	-0.119*
3	0.033	0.028	0.052	0.101	-0.013	0.009	-0.148
4	0.030	0.035	0.054	0.106	-0.015	0.011	-0.116
5	0.028	0.039	0.059	0.115	-0.016	0.009	-0.135
6	0.019	0.034	0.068	0.132	-0.017	0.009	-0.155
7	0.017	0.033	0.073	0.139	-0.015	0.010	-0.172
8	0.020	0.035	0.077	0.143	-0.011	0.010	-0.196
9	0.021	0.035	0.090	0.157	0.001	0.010	-0.182
10	0.022	0.032	0.099	0.165	0.012	0.009	-0.215
11	0.021	0.027	0.105	0.170	0.018	0.009	-0.213
12	0.019	0.025	0.104	0.164	0.023	0.013	-0.206
13	0.023	0.027	0.103	0.163	0.023	0.010	-0.182
14	0.022	0.026	0.102	0.169	0.012	0.010	-0.181
15	0.026	0.024	0.097	0.176	-0.009	0.008	-0.210
16	0.025	0.019	0.097	0.176	-0.008	0.008	-0.206
17	0.027	0.018	0.098	0.176	-0.006	0.010	-0.138
18	0.025	0.015	0.095	0.172	-0.007	0.010	-0.134
19	0.027	0.016	0.089	0.166	-0.015	0.007	-0.131
20	0.029	0.014	0.073	0.148	-0.027	0.008	-0.124

* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Figure 11: Plot of Cumulative Constant Mean Return Model Abnormal Returns for all Tested Political Events.



Panel A: Plot of Cumulative Constant Mean Return Model Abnormal Returns for Dissolution, Elections, Coup Attempts, Coup D'états and Aborted Coups



Panel B: Plot of Cumulative Constant Mean Return Model Abnormal Returns for the Massacre on 6th October 1976 and the Riot in May 1992

Table 13. Cumulative modified market model abnormal returns for an event study of the information content of political events.

Event Day	CAR						
	Dis-solution	Election	Coup Attempt	Coup d'état	Aborted Coup	Massacre 1976	Riot 1992
(-20,-1)	0.004	0.029**	0.021	0.056*	-0.027*	0.007	-0.173***
	(0.234)	(2.034)	(0.991)	(1.686)	(-1.918)	(0.273)	(-3.813)
(-15,-1)	0.019	0.026**	0.023	0.051*	-0.014	0.016	-0.120***
	(1.163)	(2.042)	(1.281)	(1.762)	(-1.151)	(0.69)	(-3.064)
(-10,-1)	0.016	0.024**	0.024	0.045*	-0.005	0.017	-0.067**
	(1.22)	(2.345)	(1.612)	(1.91)	(-0.475)	(0.913)	(-2.089)
(-5,-1)	0.008	0.019**	0.013	0.024	-0.002	0.006	-0.013
	(0.873)	(2.595)	(1.21)	(1.423)	(-0.322)	(0.461)	(-0.556)
(0, 0)	0.002	0.001	-0.019***	-0.032***	-0.003	-0.007	-0.091***
	(0.395)	(0.441)	(-4.118)	(-4.24)	(-0.811)	(-1.108)	(-9.014)
(0, 5)	0.004	0.011	0.004	-0.003	0.013*	-0.002	-0.030
	(0.412)	(1.424)	(0.312)	(-0.184)	(1.665)	(-0.118)	(-1.189)
(0, 10)	-0.006	0.005	0.039**	0.038***	0.042***	-0.002	-0.114***
	(-0.399)	(0.508)	(2.557)	(1.533)	(3.99)	(-0.081)	(-3.39)
(0, 15)	-0.001	0.001	0.034*	0.043*	0.021*	-0.003	-0.106**
	(-0.067)	(0.08)	(1.8)	(1.432)	(1.688)	(-0.113)	(-2.617)
(0, 20)	-0.001	-0.006	0.013	0.020	0.002	-0.004	-0.017
	(-0.067)	(-0.398)	(0.589)	(0.59)	(0.168)	(-0.138)	(-0.369)

t-statistics are in parenthesis.
* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Table 14. Sub-period cumulative modified market model abnormal returns for an event study of the information content of political events.

Event Day	CAR						
	Dis-solution	Election	Coup Attempt	Coup d'état	Aborted Coup	Massacre 1976	Riot 1992
(-20,-16)	-0.015	0.004	-0.002	0.005	-0.013*	-0.009	-0.053**
	(-1.546)	(0.531)	(-0.238)	(0.322)	(-1.842)	(-0.65)	(-2.319)
(-15,-11)	0.003	0.002	-0.001	0.006	-0.009	-0.001	-0.053**
	(0.289)	(0.221)	(-0.061)	(0.35)	(-1.322)	(-0.095)	(-2.353)
(-10,-6)	0.008	0.005	0.011	0.021	-0.002	0.011	-0.054**
	(0.852)	(0.721)	(1.07)	(1.278)	(-0.349)	(0.83)	(-2.398)
(-5,-1)	0.008	0.019*	0.013	0.024	-0.002	0.006	-0.013
	(0.873)	(2.595)	(1.21)	(1.423)	(-0.322)	(0.461)	(-0.556)
(0, 0)	0.002	0.001	-0.019***	-0.032***	-0.003	-0.007	-0.091***
	(0.395)	(0.441)	(-4.118)	(-4.24)	(-0.811)	(-1.108)	(-9.014)
(1, 5)	0.003	0.010	0.023**	0.028*	0.015**	0.005	0.062***
	(0.275)	(1.363)	(2.184)	(1.694)	(2.186)	(0.367)	(2.729)
(6, 10)	-0.010	-0.006	0.036***	0.041**	0.029***	0.000	-0.084***
	(-1.043)	(-0.806)	(3.451)	(2.476)	(4.094)	(0.009)	(-3.725)
(11, 15)	0.004	-0.004	-0.006	0.005	-0.020***	-0.001	0.008
	(0.471)	(-0.609)	(-0.573)	(0.288)	(-2.898)	(-0.083)	(0.346)
(16, 20)	0.000	-0.007	-0.021**	-0.023	-0.019***	-0.001	0.089***
	(-0.017)	(-0.96)	(-2.013)	(-1.354)	(-2.675)	(-0.08)	(3.925)

t-statistics are in parenthesis.
* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Table 15. Cumulative constant mean return model abnormal returns for an event study of the information content of political events.

Event Day	CAR						
	Dis-solution	Election	Coup Attempt	Coup d'état	Aborted Coup	Massacre 1976	Riot 1992
(-20,-1)	0.021	0.020	0.048*	0.104**	-0.027*	0.005	-0.124**
	(0.976)	(1.305)	(1.799)	(2.377)	(-1.855)	(0.168)	(-2.612)
(-15,-1)	0.034*	0.020	0.045*	0.089**	-0.013	0.014	-0.087**
	(1.772)	(1.473)	(1.978)	(2.358)	(-1.021)	(0.586)	(-2.126)
(-10,-1)	0.026*	0.021*	0.035*	0.063**	-0.003	0.016	-0.043
	(1.685)	(1.88)	(1.857)	(2.056)	(-0.324)	(0.843)	(-1.284)
(-5,-1)	0.015	0.014*	0.019	0.034	-0.001	0.008	-0.005
	(1.359)	(1.846)	(1.447)	(1.567)	(-0.117)	(0.557)	(-0.228)
(0, 0)	0.001	0.001	-0.015**	-0.025**	-0.002	-0.006	-0.094
	(0.107)	(0.403)	(-2.588)	(-2.59)	(-0.648)	(-0.976)	(-8.863)
(0, 5)	0.006	0.018**	0.011	0.011	0.011	0.004	-0.011***
	(0.522)	(2.181)	(0.757)	(0.462)	(1.374)	(0.276)	(-0.424)
(0, 10)	0.001	0.012	0.052***	0.061*	0.039***	0.005	-0.091**
	(0.036)	(1.039)	(2.626)	(1.896)	(3.586)	(0.229)	(-2.589)
(0, 15)	0.005	0.003	0.049**	0.073*	0.018	0.003	-0.086**
	(0.25)	(0.253)	(2.066)	(1.856)	(1.361)	(0.129)	(-2.019)
(0, 20)	0.007	-0.006	0.025	0.045	0.000	0.004	0.000
	(0.315)	(-0.381)	(0.932)	(0.997)	(-0.026)	(0.14)	(-0.001)

t-statistics are in parenthesis.
* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.

Table 16. Sub-period cumulative constant mean return model abnormal returns for an event study of the information content of political events.

Event Day	CAR						
	Dis-solution	Election	Coup Attempt	Coup d'état	Aborted Coup	Massacre 1976	Riot 1992
(-20,-16)	-0.012	0.000	0.002	0.015	-0.014*	-0.009	-0.037
	(-1.117)	(0.06)	(0.172)	(0.669)	(-1.942)	(-0.679)	(-1.542)
(-15,-11)	0.008	-0.001	0.011	0.026	-0.010	-0.002	-0.044*
	(0.687)	(-0.108)	(0.799)	(1.177)	(-1.31)	(-0.177)	(-1.867)
(-10,-6)	0.011	0.006	0.016	0.029	-0.002	0.009	-0.038
	(1.023)	(0.813)	(1.18)	(1.34)	(-0.341)	(0.636)	(-1.587)
(-5,-1)	0.015	0.014*	0.019	0.034	-0.001	0.008	-0.005
	(1.359)	(1.846)	(1.447)	(1.567)	(-0.117)	(0.557)	(-0.228)
(0, 0)	0.001	0.001	-0.015**	-0.025**	-0.002	-0.006	-0.094***
	(0.107)	(0.403)	(-2.588)	(-2.59)	(-0.648)	(-0.976)	(-8.863)
(1, 5)	0.006	0.017**	0.026**	0.036*	0.013*	0.010	0.083***
	(0.524)	(2.209)	(1.987)	(1.664)	(1.794)	(0.74)	(3.498)
(6, 10)	-0.006	-0.007	0.041***	0.050**	0.028***	0.001	-0.080***
	(-0.518)	(-0.848)	(3.066)	(2.306)	(3.815)	(0.037)	(-3.375)
(11, 15)	0.004	-0.008	-0.003	0.011	-0.021***	-0.001	0.005
	(0.394)	(-1.088)	(-0.2)	(0.509)	(-2.886)	(-0.11)	(0.228)
(16, 20)	0.002	-0.010	-0.024*	-0.028	-0.018**	0.001	0.086***
	(0.199)	(-1.234)	(-1.786)	(-1.277)	(-2.488)	(0.056)	(3.611)

t-statistics are in parenthesis.
* Significance at the 10% level.
** Significance at the 5% level.
*** Significance at the 1% level.