Abstract

This empirical study is a parallel study of Bamber, Barron and Stober (1997). It has similar result that trading volume is positively related to differences of opinion. There are 3 measurements of differences of opinion; (i) prior dispersion of market opinion before interim earning announcement, (ii) change in dispersion of opinion and (iii) the rate of jumbling of opinion.

The change in dispersion of opinion could be considered as negative precision of announcement in Kim and Verrecchia (1991). The result of this study has higher level of change in dispersion of opinion. It can be interpreted that Stock Exchange of Thailand, a market with short-sales constraint, has higher trading cost (Barron & Karpoff 2004).

However, the result has low F-statistic and adjusted R-square. This can be interpreted in many ways: the model has weak statistical power due to small sample size, target price is a weaker proxy for market opinion, the use of abnormal volume is improper for model specification, the Stock Exchange of Thailand is a noisy market, or in the extreme, there is no relationship between trading volume and differences of opinion. For clearer understanding, further investigation may be needed.