

Post-Earnings Announcement Drift in a Retail-Dominated Market: Evidence from Thailand

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Abstract

We study post-earnings announcement drift (PEAD) in Thailand, where retail investors account for over half of all trading volume. The PEAD factor earns 1.24% per month, with an annualized Sharpe ratio of 1.37, from July 2001 to December 2025. The result is much larger than the cross-country range reviewed by Fink 2021. The Fama-French six-factor model, or the Hou-Xue-Zhang q-factor model, does not span the PEAD. The significance of PEAD is concentrated in the long leg, the stocks with positive earnings surprises. The short leg of PEAD is not significantly different from zero. The result supports the inattention over limits to arbitrage. We also show that the aggregate retail trading share is significantly related to PEAD returns and survives the standard factor models. The PEAD declined after the introduction of algorithmic trading and SET Connect in 2012. The returns change from 1.90% per month to 0.68% per month. Market modernization compresses the PEAD anomaly over time.