

ABSTRACT

Market Reaction to Share Repurchases Announcements: An Empirical Study of Companies Listed on the Main Board of KLSE

This study examines the share prices behaviour surrounding the share repurchases programmes announcements by public listed companies listed on the main board of Kuala Lumpur Stock Exchange in Malaysia.

The sample of this study comprises of 48 companies and the period of study spans from 1 September 1997 to 15 October 2000. The impact of these announcements are determined by examining the market-adjusted abnormal returns and share returns of each company for 60 trading days surrounding the announcement day.

Using standard event study methodology, this study documents an overall non-significant positive or negative market reaction surrounding the announcement day. In general, statistically significant abnormal returns do not exist in the sample during the period before and after the announcements. In summary, the Malaysian market's views on the share repurchases programmes announcements are inconsistent with those studies conducted in the USA and Canada.