

The Behavior of Speculators in the Stock Exchange of Thailand

Apisit Kaewcha

Abstract—There were a great number of speculators in The Stock Exchange of Thailand. This study investigates the behavior of speculators who traded stocks. The data were collected from speculators in many trading halls in Bangkok and traded via internet by questionnaire and observation. Convenient sampling randomly chose 484 speculators. From the study, most had five to six years' experience in stock trading and they had not been satisfied with stock trading but continued trading over the past years. They would take 21- 30 % of their income for stock trading and expected that they would gain profits from capital gain. They held stocks for less than one week. They traded stocks in the amount of cash limit from 100,000 to 500,000 Thai baht and traded stocks daily. They opened cash account, cash balance and credit balance. They opened cash account, cash balance and credit balance. Their decision making in trading stock were Candlesticks, Moving average and Support /Resistance level respectively.

Keywords—Retail investors, Behavior of speculators, Technical analysis, The Stock Exchange of Thailand

I. INTRODUCTION

The Stock Exchange of Thailand (SET) has started its trading since April 30, 1975. In the early period, there were 16 registered stocks while there were more than 1,936 registered stocks from 649 listed companies in the present (As of 31 August 2016). In 2015, the number of trading in Thailand was highest among Asian countries (44,302 million baht per day). At the end of 2015, there were 797,326 trading accounts and from the total accounts, 25.98% were active accounts. However, from trading accounts, local investors accounted for 54.99% of the total trading value. There were a great number of local investors who were retail investors (investor, speculator and gambler). Studying behavior of speculators is beneficial to the administrators of the Stock Exchange of Thailand; therefore, it is necessary to explore each pattern of the speculators' behaviors in stock trading and the data and instruments that the speculators use in making a decision for stock trading.

II. LITERATURE REVIEW

Reference [1] revealed that the fundamental analysis and

technical analysis were employed in decision making. Regarding fundamental analysis, the investors got information from business newspapers, stock newspapers and daily newspapers and all documents in the trading halls. Regarding technical analysis, the investors gain knowledge from the training courses and the review of broker analysts. Both fundamental and technical analysis had moderate effects on their decision making.

Reference [2] studied the security investment behavior of individual investors. The major factor affecting the investors' decision making in buying or selling securities was the consideration of the value and trading volume. Regarding the problem of investment, individual investors preferred to invest in a short term. They expected to earn capital gain, not dividend. Moreover, the net settlement and the purchase of liquidity stock were the most popular behavior in security investment. The mistakes in investment were caused by believing in the rumors and speculating.

Reference [3] studied the investment behavior in The Stock Exchange of Thailand of individual investors in Chiangmai Trading Rooms. The finding revealed that the investors relied on basic assumption and technical analysis for their decision in launching on investment. The broker's printed materials on speculative deal are somewhat correct and precise; information service is also abundantly available through various mass media.

III. RESEARCH METHOD

1. Data Collection

The sources of data in this study were divided into primary data and secondary data. Primary data were obtained from the questionnaire and observation for retail investors who traded stocks at many trading halls in Bangkok and traded via internet in 2013 - 2014. Secondary data were collected from the relevant documents from previous studies done by others.

2. Sample and Sampling

The participants of the study were 484 speculators of stock trading at many trading halls in Bangkok and traded via internet. Convenient sampling randomly chose them.

3. Data Analysis

Descriptive statistics such as frequency, percentage, mean and standard deviation were employed in the analysis of the data regarding the respondents' information.

IV. RESEARCH RESULTS

1. Background Information of the Participants

In this study, from 484 participants there were 200 males (41.3%) and 284 females (58.7%). Of the total participants, 40.5 % of them were between 31-40 years old, 37.6 % and

Apisit Kaewcha: Faculty of Administration and Management, King Mongkut's Institute of Technology Ladkrabang, Thailand, (corresponding author's phone: +668 9127 5660; e-mail: apisitkaewcha@hotmail.com).

17.8 % were between 21-30 and 41-50 years old respectively. 59.7 % of the participants were single. Of the total participants, 72.3% held bachelor's degrees while 18.6 % held master's degrees. 70.2% were employees in private companies and 14.3% were business owners. Also, 43.7% of the participants earned the income around 15,000- 35,000 Thai baht per month while 28.7% earned 35,001- 55,000 Thai baht and 11.4% earned 55,001-75,000 Thai baht per month.

2. Experience in Stock Trading

From the study, 35.1% had 5-6 years' experience in stock trading while 28.9% and 20.2% had 1-2 and 3-4 years' experience in stock trading respectively (Table I).

TABLE I
EXPERIENCE IN STOCK TRADING

Experience (years)	Number (persons)	Percentage
1-2	140	28.9
3-4	98	20.2
5-6	170	35.1
7-8	27	5.6
8-9	20	4.2
More than 10	29	6.0
Total	484	100.0

3. Satisfaction for the Stock Trading Outcome during the Past Years

Satisfaction for the stock trading outcome during the past years, 40.3% of the participants were not satisfied but continued trading, 28.9% were satisfied with their trading, 20.7% were not satisfied and decided to stop trading, and 10.1% had a neutral response for their trading (Table II).

TABLE II
SATISFACTION FOR THE STOCK TRADING OUTCOME DURING THE PAST YEAR

Items	Number (persons)	Percentage
Not satisfied but continued trading	140	40.3
Satisfied	98	28.9
Not satisfied and decided to stop trading	170	20.7
Neutral response	27	10.1
Total	484	100.0

4. Budget for Stock Trading

In investigating how the participants budget their money for stock trading, the study showed that 30.6% of the participants spent 21-30% of their income on trading, 28.7% spent 11-20% of their income on trading, and only 11.4% spent more than 50% of their income on trading (Table III).

TABLE III
BUDGET FOR STOCK TRADING

Percentage of income on stock trading	Number (persons)	Percentage
Less than 10	61	12.6
11-20	139	28.7
21-30	148	30.6
31-40	45	9.3
41-50	36	7.4
More than 50	55	11.4
Total	484	100.0

5. Spending the Income Earned from the Speculation

In investigating how the income earned from the speculation

was spent, the study revealed that 27.3% of the participants spent the money in emergency, 20.2% spent their money on doing business, 18.4% spent their money on their/ their family's education, and 12.0% saved the money for their retirement (Table IV).

TABLE IV
SPENDING THE INCOME EARNED FROM THE SPECULATION

Items	Number (persons)	Percentage
In emergency	132	27.3
Do business	98	20.2
Their / their family's education	89	18.4
For their retirement	58	12.0
Their / their family's daily expenses	45	9.3
Houses/ cars	35	7.2
Continue their trading	24	5.0
Others	3	0.6
Total	484	100.0

6. The Expectation of the Speculators for the Benefits Gain

According to the study, there were various kinds of benefits expected by the speculators. The study indicated that 88.8% of the participants expected the profit from capital gain, 9.9% would like to gain dividends, and 1.3% would like to gain the benefits from tax (Table V). This study is in accordance with [2]-[3] showed that retail investors tended to be short term speculators in stock trading rather than long term investors who expected dividends. Regarding [4], 40% of new investors wanted profits, 30% wanted savings, 20% wanted dividends, and 10% wanted to be shareholders from their investment.

TABLE V
THE EXPECTATION OF THE SPECULATORS FOR THE BENEFITS GAIN

Items	Number (persons)	Percentage
Capital gain	430	88.8
Dividend	48	9.9
Benefit from tax	6	1.3
Total	484	100.0

7. Average Lengths of Time in Stock Holding

The study showed various lengths of time that stocks were held by speculators in the sampling group. Most participants held stocks for less than 1 month. Of the total participants, 49.8% held stocks for less than one week on average, 31.4% had stock trading within one day, and 14.9% held stocks from one week to one month (Table VI). The result of this study is similar to that of [2] which indicated that retail investors were likely to have a short term investment; they sold and bought stocks within one day.

TABLE VI
AVERAGE LENGTHS OF TIME IN STOCK HOLDING

Lengths of time	Number (persons)	Percentage
1 day	152	31.4
Less than 1 week	241	49.8
1-4 weeks	72	14.9
More than 1-3 months	12	2.5
More than 3-6 months	5	1.0
More than 6-1 year	2	0.4
Total	484	100.0

8. The Cash Limit in Stock Trading

In this study, the cash limit was ranged into 7 levels. When considering the cash limit in trading stocks, the study revealed that 52.1% of the participants had a total amount of 100,000 - 500,000 Thai baht. 24.1% and 10.8% of them had a total amount of 600,000 -1,000,000 Thai baht and 1,100,000 - 2,000,000 Thai baht respectively (Table VII). The result of this study is similar to that of [5] which showed that most investors invested their money not more than 500,000 Thai baht in trading.

TABLE VII
THE CASH LIMIT IN STOCK TRADING

Cash limit (1,000 Thai Baht)	Number (persons)	Percentage
100-500	252	52.1
600-1,000	119	24.6
1,100-2,000	52	10.8
2,100-3,000	21	4.3
3,100-4,000	12	2.5
4,100-5,000	21	4.3
5,100-10,000	7	1.4
Total	484	100.0

9. The Type of Accounts Opened by Speculators for Stock Trading

The study indicates that the type of accounts opened by speculators for stock trading, 18.5% of them open only cash account, 78.5% open both cash account and cash balance, and 2.9% open cash account, cash balance and credit balance. Most of them (75.5%) have trading via cash balance only (Table VIII).

TABLE VIII
THE TYPE OF ACCOUNTS OPENED BY SPECULATORS FOR STOCK TRADING

Types	Number (persons)	Percentage
Cash account	90	18.5
Cash account, Cash balance	380	78.5
Cash account, Cash balance, Credit balance	14	2.9
Total	621	100.0

10. Stock Trading Tools for the Speculators

10.1 Fundamental Analysis

10.1.1 The Fundamental Analysis Used in Trading Stock

The results of the study reveal that the fundamental factors regarding **economic analysis** were considered, 13.3% of the sample group focused on the economic situation. Regarding **industry analysis** was considered, 12.1% focused on the type of business. Also, for **company analysis**, 17.2% focused on stock's market price, 7.7% on business reputation, and 5.3% on the administrator/business owner. Lastly, regarding **political analysis**, 15.8% focused on the political situation and 11.7% on government policy (Table IX).

10.1.2 The Understanding in the Data regarding the Fundamental Analysis

The results of the study reveal that 22.1, 26.0, and 46.1% of the sample group had understanding in the data regarding the fundamental analysis in a high, moderate, and low level respectively while 5.8% of them had no understanding about it (Table X).

TABLE IX
THE FUNDAMENTAL ANALYSIS USED IN TRADING STOCK

Fundamental factors	Number (answers) ^a	Percentage
Economic analysis		
The economic situation	76	13.3
The trend of interest rate	38	6.7
Industry analysis		
The type of business	69	12.1
Company analysis		
Business policy	14	2.5
Stock's market price	98	17.2
Business performance	24	4.2
The administrator/ Business owner	30	5.3
Business reputation	44	7.7
Dividend payment	20	3.5
Political analysis		
Political situation	90	15.8
Government policy	67	11.7
Total	570	100.0

^a Can give more than one answer

TABLE X
THE UNDERSTANDING IN THE FUNDAMENTAL ANALYSIS

Results	Number (persons)	Percentage
High level	107	22.1
Moderate level	126	26.0
Low level	223	46.1
No understanding	28	5.8
Total	484	100.0

10.1.3 The Source of the Data regarding the Fundamental Analysis

The results of the study reveal that the sample group obtained the data of fundamental analysis from business newspapers / newspapers of stock, radio/TV, and websites of broker companies were 26.6, 18.2, and 17.9% respectively (Table XI).

TABLE XI
THE SOURCE OF THE DATA REGARDING THE FUNDAMENTAL ANALYSIS

Sources	Number (persons) ^a	Percentage
Business newspapers/ Stock newspapers	165	26.6
Radio/TV	113	18.2
Websites of broker companies	111	17.9
Documents in the brokers' trading halls	90	14.4
Daily newspapers	82	13.2
Websites of SET	52	8.4
Websites of efinancethai.com	8	1.3
Total	621	100.0

^a Can give more than one answer

10.2 Technical Analysis

10.2.1 The Technical Analysis Instruments for Decision Making in Trading Stock

The study reveals that the technical analysis instruments employed by the sample group for their decision making in trading stock were candlestick, moving average, and support level/resistance level which accounted for 19.0, 18.1, and 15.6% respectively. (Table XII)

10.2.2 The Understanding in the Technical Analysis

The study reveals that 35.6, 32.7, and 25.0% of the sample group had understanding of the data regarding the technical analysis in a high, moderate, and low level respectively while 6.7% of them had no understanding about it (Table XIII).

TABLE XII
THE TECHNICAL ANALYSIS INSTRUMENTS FOR DECISION MAKING

Fundamental factors	Number (answers) ^a	Percentage
Candlestick	389	25.6
Moving average	310	20.4
Support level/Resistance level	252	16.6
RSI	152	10.0
MACD	120	7.9
Trend line	110	7.2
Stochastic	96	6.3
Graph patterns	64	4.2
On balance volume, Volume	22	1.4
Fibonacci ratio	5	0.4
Total	570	100.0

^a Can give more than one answer

TABLE XIII
THE UNDERSTANDING IN THE TECHNICAL ANALYSIS

Results	Number (persons)	Percentage
High level	172	35.6
Moderate level	158	32.7
Low level	121	25.0
No understanding	33	6.7
Total	484	100.0

10.2.3 The Source of Knowledge regarding the Technical Analysis

The study indicates that the sample group obtained the knowledge of the technical analysis from the analysis of broker analysts, pocket books concerning the technical analysis, and information from marketing officers for 37.6, 22.3, and 19.7% respectively (Table XIV).

TABLE XIV
THE SOURCE OF KNOWLEDGE REGARDING THE TECHNICAL ANALYSIS

Sources	Number (persons) ^a	Percentage
Analysis of broker analysts	340	37.6
Pocket books concerning the technical analysis	202	22.3
Information from marketing officers	178	19.7
Training courses	70	7.7
Business newspapers/ Stock newspapers	62	6.9
Courses taken in the university	52	5.8
Total	904	100.0

^a Can give more than one answer

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Apisit Kaewcha was born in Samutsongkarm Province, Thailand. He received a B.Sc. in Agriculture Economics from Kasetsart University, Thailand. He received a M.Sc in Agriculture Economics from Kasetsart University, Thailand.

He is an assistant professor at faculty of Administration and Management, King Mongkut's Institute of Technology, Ladkrabang (KMITL), Thailand. He has published articles in *International Journal of Arts and Sciences* and *International Journal of Business and Management Studies*. His current research in the broad area of marketing, consumer behavior, and investment.