

## Finance

**Title:** Earnings Strings in Capital Markets

**Acceptance Speech:**

Good evening Your Excellency, distinguished guests, ladies, and gentlemen:

It is an extreme honor for me to stand here tonight to receive the ATS education award in Finance. I am sincerely grateful for the recognition of my work. I am also humbled because I am certain that all other applicants for the ATS award were also highly qualified and capable of obtaining this award. Therefore, I would like to earnestly express my appreciation to the Anglo-Thai Society for giving me this prestigious award.

I would like to say that this award truly reflects the help and constant support of the people who have been around me throughout the last four years. Over and above all, my deepest gratitude is for my supervisors, Professor Gilad Livne and Professor Joanne Horton, who have always believed in me. They have been a great source of patience, encouragement, motivation, and enthusiasm throughout my Ph.D. studies. This is exactly the best supervision I could have had. I am also thankful to all the friends at the Cass Business School and the University of Exeter. They have offered help in various ways, not the least by the way of emotional support. The financial support from the Kasetsart University to pursue my doctoral studies is gratefully acknowledged. Without this, I would not have had the opportunity to apply for this award. Moreover, I would like to express my warmest gratitude to my family. My wife, Dao, is always here for me and gives me the best support and encouragement. She is always a great source of happiness in my life.

I would like to take this opportunity to give you a glimpse of my research. I investigate a phenomenon which is not clearly understood from current research. I explore the situation that stock prices of listed companies are higher when they announce increases in net income year after year. The simple question comes to my mind. Why does a company who reports earnings per share of 1 pound obtain a higher stock price than a company who similarly reports earnings per share of 1 pound but which also shows an improvement on previous period's earnings per share? The other question is: Is such a company trying to manipulate earnings numbers to deceive the markets and attract a higher share price?

I find evidence that this phenomenon can be rational and efficient markets. In other words, it is not due to irrational behavior of investors. Specifically, these valuation premiums are driven by combinations of future growth, future risk, and firm fundamentals. I also find that the longer the duration of increases in earnings per share, the higher the probability the companies continue to grow. This is new evidence on this phenomenon. There is evidence showing that this type of companies truly performs better. That is, they do not just "cook" the numbers. Nevertheless, I find that investors seem to not fully understand these empirical facts and incorrectly price stocks of companies. This leads to opportunities for forming trading strategies and gaining excess returns. Overall, this is important evidence in the post-Enron era where regulators and investors have expressed concerns about accounting fraud. I expect that my research will be beneficial to Thai economy and financial markets. Thank you very much.

Sarayut Rueangsuwan