

# THE CORRELATION BETWEEN INFORMATION CONTENT AND STOCK RETURN – EVIDENCE FROM PLASTIC INDUSTRY IN TAIWAN

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## Abstract

This article aims to observe within a single industry investor behavioral, while plastic class in the traditional industries of Taiwan's most representative, Hence this text discussed the relevance of abnormal returns in the plastic stocks listed in Taiwan and information asymmetry. In addition, this study market model (market model) estimated excess return, and joined GARCH to control the heteroscedasticity, while the relative bid-ask spread to measure the information asymmetry, and the use of vector autoregression (VAR) model, and then joined the impulse response analysis and variance decomposition analysis to explain the degree of interaction between variables. This study selected all 21 Taiwan listed plastic, the period January 1, 2005 to December 31, 2009 only date information. The empirical results show that Taiwan's plastics market abnormal return and information asymmetry exists a significant correlation, but this relationship is only one way, and the variables are greater than the impact of their other variables.

Key words: market model, abnormal return, information asymmetry, relative bid-ask spread

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