

Post Earnings Announcement Drift in Lithuania

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This paper examines post earnings announcement drift (PEAD) of shares traded in Lithuanian stock exchange during the period of 2000 to 2009. We hypothesize that PEAD is present before and after quarterly earnings announcements and check this hypothesis for four time periods: 2000-2009, 2000-2002, 2003-2005 and 2006-2009. This way we can observe whether the presence of PEAD is getting stronger with time and whether concentration of abnormal returns tends to shift closer to the announcement dates. We found a strong evidence of PEAD presence in Lithuanian stock market. The evidence of PEAD was strongest during time intervals of up to 10 days after quarterly announcements (75%, 50%, 58% and 75% for respective time periods of 2000-2009, 2000-2002, 2003-2005 and 2006-2009). With every consequent time period PEAD distribution tends to concentrate closer to the announcement dates. The paper concludes with possible reasons for this concentration: increasing liquidity and capitalization of the market as well as wider use of internet based trading.