

ANDREY KUDRYAVTSEV**The Max Stern Yezreel Valley Academic College, Israel****TRYING TO PREDICT OPENING STOCK RETURNS****Abstract:**

In present study, I explore the dynamics of the interday stock price reversals. In particular, I try to shed light on reversals in opening stock returns, that is, on the price reversals during the opening trading sessions with respect to previous day's price tendencies. I analyze intraday price data on thirty stocks currently making up the Dow Jones Industrial Index, employing high-to-close and low-to-close price differences as a proxy for "large" price moves, and open-to-close stock returns as a proxy for "regular" price moves. I document that opening returns tend to be: (i) higher following the days with relatively large high-to-close price changes (price decreases at the end of the day), and lower following the days with relatively large low-to-close price changes (price increases at the end of the day); and (ii) higher following the days with relatively low open-to-close returns. Based on these findings, I construct a number of daily-adjusted portfolios involving a long (short) position in the opening session in the stocks on the days when, according to the findings, their opening returns are expected to be high (low), and demonstrate that the returns on these portfolios are significantly positive.

Keywords:

Intraday Stock Prices; Opening Stock Returns; Overreaction; Stock Price Reversals

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