

Emerging Markets Finance and Trade >

Volume 54, 2018 - [Issue 12](#)

169 | 2 | 17
Views | CrossRef citations to date | Altmetric

Regular Articles

The New Stock that Did Not Underperform

Bader S. Alhashel 

Pages 2765-2777 | Accepted author version posted online: 27 Dec 2017, Published online: 09 Jul 2018

 Cite this article  <https://doi.org/10.1080/1540496X.2017.1410472>

 Check for updates

Sample our
Economics, Finance,
Business & Industry Journals
>> **Sign in here** to start your access
to the latest two volumes for 14 days

 Full Article  Figures & data  References  Citations  Metrics

 Reprints & Permissions

Read this article

 Share

ABSTRACT

This article examines the performance of newly listed stocks in a unique setting in which firms do not issue new equity immediately prior to listing. We find that in such a setting newly listed firms do not observe any underperformance over a three-year period as documented in the extant literature. This result is arrived at after controlling for both size and book-to-market effects using both event-time and calendar-time approaches. These findings present a challenge to the current extant empirical evidence and to the pseudo market timing and fads hypotheses.

KEY WORDS:

IPO

long-term performance

market efficiency

newly listed stocks

GCC

JEL CLASSIFICATION:

G14

G15

G30

Notes

1. An example of such is Jazeera Airways (KW: JAZK) that went public in 2008 without having issued equity prior to its listing.
2. Spotify is seriously considering going public in 2017, but there is a twist. CNBC. April 6, 2017. Retrieved from <https://www.cnbc.com/2017/04/06/spotify-may-go-public-without-ipo-report.html>.
3. Spotify, valued at \$13 billion, to launch direct listing on NYSE. Reuters. May 12, 2017. Retrieved from <http://uk.reuters.com/article/us-spotify-ipo-idUKKBN18821T>.
4. IPOs are newly listed stocks that have issued equity before their listing as opposed to NLSs who did not.
5. For example, NLSs have an average market cap of KWD 77 million as opposed to KWD 223 million for non-NLS.
6. The number of stocks in the non-NLS portfolio ranges from 74 to 176 over the sample period.
7. We have rerun the regression using an EW index for KSE when the portfolio returns on the left-hand side of [Eq. 4](#) are computed equally weighted. We arrive at similar findings to those reported in Table 5.
8. We thank an anonymous referee for recommending to add this section.

Related research

People also read

Recommended articles

Cited by
2

Information for

[Authors](#)

[R&D professionals](#)

[Editors](#)

[Librarians](#)

[Societies](#)

Opportunities

[Reprints and e-prints](#)

[Advertising solutions](#)

[Accelerated publication](#)

[Corporate access solutions](#)

Open access

[Overview](#)

[Open journals](#)

[Open Select](#)

[Dove Medical Press](#)

[F1000Research](#)

Help and information

[Help and contact](#)

[Newsroom](#)

[All journals](#)

[Books](#)

Keep up to date

Register to receive personalised research and resources by email



Sign me up



Copyright © 2026 Informa UK Limited [Privacy policy](#)

[Cookies](#) [Terms & conditions](#) [Accessibility](#)

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG



Taylor & Francis
by informa