THE EIGHTH PACIFIC BASIN FINANCE, ECONOMICS AND ACCOUNTING CONFERENCE AND THE SECOND ADSGM INTERNATIONAL CONFERENCE

Asian Economic and Business Outlook To the New Millennium

PACBASIN

ADSGM JDBA CIDA

THURSDAY, JUNE 1 AND FRIDAY, JUNE 2, 2000

SHANGRI - LA HOTEL, BANGKOK THAILAND

"Asian Exposure of U.S. Multinational Corporations"

Yong-Cheol Kim, Norwegian School of Management, Norway

We find that firms with Asian operations are exposed to both contemporaneous and lagged changes in exchange rates. Furthermore, a strong U.S. dollar has an adverse effect on firm value only for those firms with negative exposure. We find that exports and Asian sales have adverse effects only for firms with negative exposure as the U.S. dollar strengthens. Proxies for hedging incentive, market-to-book ratio, long-term debt ratio and taxes explain exposure in both groups of positive and negative exposure coefficients. We find that firms are exposed differently to each Asian currency.

"An Empirical Examination of the Pricing of Seasoned Equity Offerings: A Test of the Signaling Hypothesis"

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This paper tests the predictions of Signaling Theory against the competing Price Irrelevance Hypothesis (Eckbo and Masulis 1992). Signaling Theory suggests that a security offer's issue price provides a signal of the quality of the issuing firm. In contrast, the Price Irrelevance Hypothesis suggests that equity pricing does not possess information content. This paper investigates the pricing of seasoned equity offerings by examining the role of firm quality and relative firm valuation on offering price discounts. Additionally, the impact of the price discount on firm stock price is investigated. The results indicate that the issue price conveys relevant information to the market about the value of the issuing firm. Undervalued firms are found to possess a relatively lower price discount than overvalued firms.