The Effects of Analyst Recommendations on IPO Performance Surrounding Lockup Expiration: Evidence from the Malaysian Market

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ABSTRACT

This study investigates whether there is a difference in IPO returns between those with positive analyst recommendations and those without, surrounding the expiration of the lockup period. The sample of IPOs was taken from Bursa Malaysia's Main Board and ACE Market from 2000 to 2014. The research uses a comparative mean analysis to identify differences between IPOs with analysts' positive recommendations and without analysts' positive recommendations. Comparative mean analyses include independent and paired t-tests, which are conducted to evaluate performance differences between IPOs with positive analyst coverage and those without. The results reveal no statistically significant difference in abnormal returns between the two groups across the pre-event, event date, and post-event periods. The findings suggest that Malaysian market participants do not treat positive analyst recommendations as a decisive trading signal during the lockup expiration period.

INTRODUCTION

Of late, emerging markets have experienced astonishing levels of growth, significantly outpacing their more developed counterparts. This exponential growth has made companies expand and require capital to do so. One of the most popular methods of raising capital is through an initial public offering (IPO). As such, investment banking firms have not allowed this growth to pass unnoticed, placing particular emphasis on emerging securities markets, especially in the Malaysian capital market. According to New Straits Times (NST), Malaysia has become one of the world's preferred listing destinations in 2025. Malaysia was ranked 1st among Southeast Asean destinations for initial public offerings (IPOs) in terms of frequency of listing

Entrepreneurs and investors can create paper wealth through initial public offerings (IPOs), which can later be converted into cash (Zhang and Du, 2025; Huang et al., Bessler & Thies, 2007; Ritter & Welch, 2002). While analysts' recommendations exert a tremendous impact on today's stock market by reducing investors' uncertainty about publicly listed firms' fair value and promoting market efficiency (Choi and Lee, 2025). As such, analysts' recommendations can influence a company's price, especially in an IPO (Loh & Stulz, 2011; Fang & Yasuda, 2014; Mathew & Yildrim, 2015; Qian et al., 2024). Consequently, positive analysts' recommendations will lead to a positive market reaction (Micheally & Womack, 1999; McKnight et al., 2010; Fang & Yasuda, 2014; Jia, Xie, Ritter & Zhang, 2019; Wu et al., 2022; Bharath et al., 2025). Therefore, IPOs and analysts' recommendations are becoming increasingly important in the modern financial market.

Evidently, there are many empirical studies on IPOs and analyst behaviour; however, few merge these two areas. Therefore, studying the combination of IPOs and analyst behaviour is critical. Rajan and Sarvaes (1997) were among the first to study analyst behaviour regarding IPO performance. They attempt to explain IPO anomalies (optimism, underpricing, and long-run share price underperformance) by investigating the reliability of analyst following. They assert that optimistic earnings forecasts lead to IPO underpricing and that the underpricing is positively associated with analysts' following of the IPOs. In addition, they recorded that the most optimistic analyst underperformed the NYSE/AMEX index, while the least optimistic analyst outperformed the indices in the long run. The finding is consistent with studies by Cliff and Denis (2004), Jia et al. (2017), Han & Zhang (2025), and Basnet et al. (2025).

Malaysian IPOs are subject to many of the Bursa's Listing requirements. One requirement is the lockup period. The lockup period in developed markets like the U.S. or the U.K. is voluntary. The lockup period is the period during which all insiders (usually the underwriters of the IPO and the company's founder) cannot sell their shareholdings. Once the lockup period expires, the insiders are free to sell their stock holdings in the newly listed firm. The expiration of the lockup period presents the first opportunity for insiders to sell their shares on the stock market. As insiders are major shareholders and hold more shares than the public, insider sales might increase supply and have a major impact on the IPO shares. According to Aggarwal et al. (2002) and Gibbs & Qing (2018), the expiration of the lockup period shifts the supply curve outward due to insider oversupply, leading to a decline in share prices. The finding of IPO underperformance after the lockup period was also supported by a study by W. Choi & Lim, (2026)

Taking into consideration, that the analysts' recommendation could reduce investors doubt over the firm values (Liu, 2024 and Beyer et al., 2010); The analyst positive recommendations signaling good news and can convince investors about the positive prospect of the newly listed firm by Michealy and Womack (1999); Lin et al., (2005); McKnight et al., (2010); Degeorge et al., (2007); Ljungqvist et al., (2009) Das et al., (2006);Han & Zhang, (2025) and Qian et al., (2024). The positive market reaction to post-IPOs following analyst recommendations (Jia et al., 2019; Wu et al., 2022; Bharath et al., 2025). It can be concluded that analyst recommendations can be created and deliberately exploited by interested market participants. Hence, the study examines whether there is a difference in the share price performance of IPOs surrounding the expiration of the lockup period between those with analysts' positive recommendations and those without.

The Information and Prices Relationship

Asymmetric information in the financial market arises when one or more market participants have extra or future knowledge about a particular asset. The better-informed market participants will have an added advantage over the less well-informed participants. This will lead to arbitrage profits for the better-informed market participants. Information asymmetry appears to exist in nearly all market exchanges worldwide (Stiglitz & Grossman, 1982) and remains particularly important in explaining IPO mispricing and return patterns in developed, developing, and emerging markets (Mehmood, Mohd Rashid, & Tajuddin, 2021). Therefore, assuming that everyone has the same information about a particular asset is a flaw under the classical model of competitive equilibrium, especially in emerging markets where information frictions are more severe (Mehmood et al., 2021).

A complement to the asymmetric information is Fama's (1970) study. He states that the efficient market hypothesis (EMH) explains how available information is incorporated into market prices. The EMH consists of 3 forms, depending on the availability of information in pricing the market. Firstly, the weak form of the EMH states that the price of any security reflects past information, which in turn reflects the security's past price history. Secondly, the semi-strong EMH states that the market price of an asset is determined by the information available to the public. Thirdly, the strong form of EMH holds that the market price of any asset reflects private information known to a certain fraction of market participants. Recent studies on IPOs and underpricing in emerging markets highlight that the semi-strong form of the efficient market hypothesis is often violated around major events, such as offerings and lockup expirations (Mehmood et al., 2021).

Stiglitz & Grossman (1982) argued that because market participants are always on the lookout for new information, prices do not disclose all information about the particular financial asset. Furthermore, Fischer Black (1986) states that financial markets must deal with the effects of noise trading. He asserts that noise trading occurs when market participants misinterpret available information or trade for non-informative reasons, which is most likely to lead to market inefficiency. Most importantly, market noise will make it difficult to investigate theories of financial markets. Kyle A. (1985) concludes that because of asymmetry in information and noise effects on traders, the prices of the financial asset will be delayed or not revealed at all. Therefore, in the real world, prices do not necessary always reflect their theoretical correct price, a point reinforced by more recent evidence that mispricing and anomalies are especially pronounced when information is costly and noisy (Mehmood et al., 2021; Barson, Ahadzie, Daugaard, & Vespignani, 2025).

The difference of the financial asset price between the theoretical correct price and the actual price is termed as anomalies. According to Fama (1970), Schwert (2003), and Zhou et al. (2025), anomalies arise from irregularities in the maintenance of theories of asset pricing behavior. Schwert (2003) goes on to state that flaws in the asset-pricing model, or market inefficiencies, could lead to market anomalies or price anomalies. Recent systematic reviews show that many cross-sectional anomalies remain economically meaningful after controlling for data-snooping and are closely related to limits to arbitrage and information frictions (Barson et al., 2025). However, sooner or later, market participants are likely to recognise the asset price anomalies. Information about anomalies could be an added advantage for particular market participants (Merton, 1987), especially in environments where information costs are high and arbitrage is constrained. Hence, the market participants who could identify and recognise the asset price anomalies earlier will have an extra advantage or gain excess return before the asset price anomalies are well distributed in the market, as highlighted by recent work on the causal effect of information costs on anomaly returns (e.g., American Finance Association, 2025).

The Analyst Recommendations and the Lockup Period

Empirical evidence shows that analysts have predictive ability; their recommendations can influence share price trends (Dhiensiri & Sayrak, 2000; Irvine, 2003; Michaely & Womack, 1999; Womack, 1996; Qian et al., 2024; Han & Zhang, 2025). Many researchers found that analysts' recommendation following is positively related to long run performance of the IPO share price (Aggarwal et al., 2002; D. J. Bradley et al., 2003; Das et al., 2006; Qian et al., 2024; Weber et al., 2024; Jia et al., 2026; Han & Zhang, 2025). Evidence from other emerging markets also indicates that information asymmetry, corporate governance, and intermediary quality (including analyst and underwriter reputation) are important determinants of IPO underpricing and aftermarket performance (e.g., studies on the Indonesian IPO market). In the Malaysian context, recent work shows that while analyst coverage can improve price discovery, the effect of analysts' positive recommendations around the lockup period is nuanced and depends on the type of analyst coverage (Shaharudin, 2023, 2024). Consequently, they found that IPO share prices without analyst coverage underperformed those with analyst coverage. Thus, analysts' recommendations affect investors' wealth over the long term, particularly in markets characterized by higher information asymmetry, such as Malaysia (Mehmood et al., 2021).

Lockup provisions consist of two categories: the lockup ratio and the lockup period. All IPOs in Malaysia are subject to the lockup provisions under the Bursa Malaysia Listing Requirements (Abdul Rahim, & Yong, 2016). A common feature of a lockup provision is the prohibition on insiders selling their shares for a predetermined period. In the case of Malaysia, the lockup period is 6 months after the listing date, with retained ownership, and the lockup length also serves as an important signaling device about firm quality (Yusoff et al., 2020).

The lockup expiration day represents an opportunity for insiders to offload their shares in a large block. Consequently, the IPOs will succumb to selling pressure. Empirical evidence, generally shows a significant negative abnormal return and a positive abnormal trading volume surrounding the expiration of the lockup date (Bradley et al., 2001; Field & Hanka, 2001; Brau, Carter, Christophe, & Key, 2004; Brav & Gompers, 2003; Goergen, Mazouz, & Yin, 2010; Haman, Chalmers & Fang, 2017; Ofek & Richardson, 2000) and similar patterns are documented for Malaysian IPOs. (Rashid, et al., conclude that insider selling pressure creates a large supply of shares in the market, which, in turn, dampens the market price.

According to Chan & Hameed (2006), an initial analyst's recommendation creates interest in a particular stock. The initial analyst's recommendation is the most important event as it generates information momentum by attracting attention to the stock (Branson et al., 1998; Chan & Hameed, 2006; Irvine, 2003). Therefore, creating an interest to the stock and demand for the IPOs via positive analysts' initial recommendations and continue maintaining the interest towards the particular IPOs through the reiteration of positive analysts' recommendation will probably lead to a significant positive abnormal return for the IPOs (Aggarwal et al., 2002; Jia et al., 2026; Han & Zhang, 2025). However, because the study period falls near the expiration of the lockup period, there might not be a significant positive abnormal return. Empirical evidence has shown negative abnormal returns

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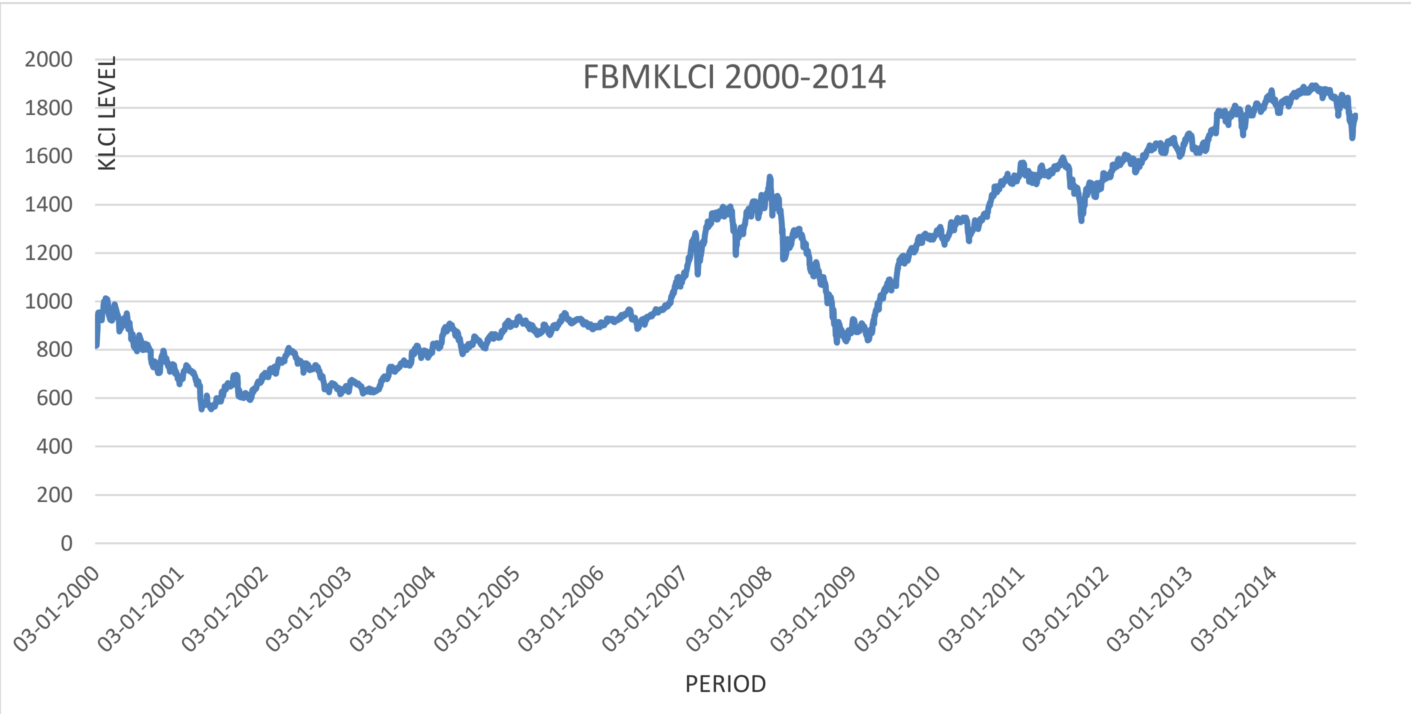
surrounding the expiration of the lockup period (W. Choi & Lim, 2026; Brau & Fawcett, 2011; Brav & Gompers, 2003; Liu & Ritter, 2011; Ofek & Richardson, 2000; Rashid et al., 2014; Wan hussin, 2005; Field & Hanka, 2001; Rashid et al., 2016). They concluded that the lockup expiration day represents an opportunity for insiders to sell their shares in a large block (high volume). Accordingly, insider selling pressure creates a large supply of shares in the stock market, dampening market prices, consistent with the observed spike in trading volume at lockup expiry for Malaysian IPOs. Thus, a negative abnormal return.

As such, it is interesting to investigate whether there is any difference in the share price performance of the IPO surrounding the expiration of the lockup period between the IPOs with analysts' positive recommendations and the IPOs without analysts' positive recommendations, particularly in light of recent Malaysian evidence distinguishing between IPOs with and without analyst positive recommendations during the lockup period.

METHODOLOGY

The study comprises Malaysian IPOs listed on the Main board and the Ace market of the Bursa Malaysia Stock Exchange from January 2000 to December 2014. The study selects the 2000-2014 period due to the following reasons. They are, namely, 1) the year 2000 is the start of the study period because it is the following year that the lockup period is made compulsory. As the mandatory ruling by Bursa was issued in the middle of 1999, the study decides to use 2000 as the starting year. 2) Noticeably, the year 2014 is the end of the study period and the end of the bull market. The period from 2000 to 2014 comprises three market phases: the bear market, the consolidation, and the bull market. A bear market is characterized by negative returns in the stock market and low investor confidence, while a bull market is characterized by rising stock prices and high investor confidence (Zhang et al., 2020). In the consolidation phase, the stock market traded in a tight range; this is also called a sideways market. Thus, by taking into account all the conditions of the market phases. The study should consider all market scenarios, not just one. Figure 1 shows the performance of FBMKLCI from 2000 to 2014.



The period from 2000 to 2014 comprises three prevailing market conditions in the FBM Kuala Lumpur Composite Index (FBMKLCI). They are i) The FBMKLCI was in a consolidation period from 2003 to 2006, ii) the bear market, which is from 2000 to 2002 and 2008 to 2009, and iii) the FBMKLCI was in a bull market from 2010 to 2014.

Measurement of Variables

The study's sample comprises Malaysian IPOs from January 2000 to December 2014. The primary database, comprising Malaysian IPOs listed on the Main Board and the Ace Market, was obtained from the Bursa Malaysia website. The variables for this study are as follows:

Analyst Recommendations (Nature)

There are two types of analysts: They are the fundamental analysts and technical analysts. The study does not consider the recommendations of the technical analysts covering the stocks, as this falls under the weak-form efficient market hypothesis (Fama, 1971). This is because the technical analyst relies on past trends to predict the future price of the share, apart from limited public availability. The data is also not available in DataStream or Thomson One Bankers. Therefore, this study excludes any data from the technical analysts' recommendations.

In the meantime, fundamental analysts estimate the company's performance by examining the firm's financial data and macroeconomic indicators. As such, the study uses the fundamental analyst recommendations as its variables. There are two types of fundamental analysts: the buy-side analysts and the sell-side analysts. Buy-side analysts are financial analysts who work for companies such as mutual fund firms, hedge funds, and proprietary traders. Buy-side analysts' reports are usually for internal circulation or specific clients, such as the institutions for which they work (Yu, 2008). Information from buy-side analysts is not publicly available and, most importantly, not available in DataStream. Hence, this study does not include any information on buy-side analysts' recommendations.

Most studies focus on sell-side analysts, as their information is readily available to the public (Bhusan, 1989; Welch, 2000; Irvine, Lipson & Puckett, 2007; Beyers et al., 2010; Brown, Call, Clement & Sharp, 2015). The value of an analyst's recommendation lies in its ability to identify the correct stock that can yield an abnormal return, and this has been extensively researched. Empirical evidence in developed nations has found a significant association relationship between the analysts' recommendation and stock price reaction; For example, a positive analysts' recommendation shows a positive stock price reaction (Bjerring et al., 1983; Elton, Gruber & Grossman 1986; Womack, 1996; Barber, Lehavy, McNichols, & Trueman, 2001; Li, Ramesh, Shen & Wu, 2015). Whilst studies from emerging markets show similar results (Jegadeesh & Kim, 2010; Moshirian et al., 2009; Galanti & Braham, 2017). Consequently, studies examined the relationship between IPO share price behaviour and analyst recommendations. The finding shows a significant positive relationship between the IPO share prices and analysts' recommendations (D. Bradley et al., 2008, 2012; D. J. Bradley et al., 2003; Fang & Yasuda, 2014; Lin & McN.

Detailed information on the nature of analyst recommendations is retrieved from the IBES and CBRS databases. The study used the same measurement as Boissin & Sentis (2012), Booth et al. (2014), Bradley et al. (2012), and Fang & Yasuda. The study categorises the positive recommendation from 'strong buy and buy' call, whilst 'hold, sell, and strong sell call are categorised under negative recommendation. Hence, the study codes analysts' positive recommendations as 1 and 0 otherwise.

Abnormal Returns

Computation of abnormal returns

Seiler (2004) and Bartholdy et al. (2007) state that the impact of any material announcement or corporate exercise during a particular event period on share prices is best captured by computing abnormal returns (AR). MacKinlay (1997), among others, defined the abnormal return of a stock as the difference between the actual return of a share s at time t, Rs,t, and the expected return $E[R_t]$. The abnormal return equation is as given below:

$$AR_{st} = R_{s,t} - E[R_t] \qquad (1)$$

The actual return of the share, $R_{s,t,}$ and the forecasted market return are discussed as follows.

Measurement of Stock Price Returns and Market Returns (The Normal Returns)

The daily return, or normal return, of the share price is calculated by dividing the closing price of the particular share on the present day by its closing price on the previous day. This applies to each of the newly listed firms. To obtain the normalisation factor for the equity return, the study needs to apply the natural logarithm. The share price daily return computation is as follows:

$R_{s,t}$ = LN ($P_{s,t}$ / $P_{s,t1}$) (2)

Where

$R_{s,t}$	share price return for firm *s* on day *t*
$P_{s,t}$	closing price of the firm *s* on day *t*
$P_{s,t1}$	closing price of the firm *s* on day *t-1*

The study uses the FBMKLCI as the market return. This is consistent with the study done in Malaysia using the event study methodology (Mohamed-Arshad et al., 2016). The market returns are calculated by dividing the present-day market index closing price by the previous-day market index closing price. The natural log is then applied to the market return computation to normalise the price. The equation for computing the market returns is as follows:

$R_{k,t}$ = LN (I_t / I_{t1}) (3)

Where

$R_{k,t}$	market index return on day *t*
The	market index closing price on day *t*
I_{t1}	market index previous closing price on day *t-1*

Bartholody et al. (2007) and Sorescu et al. (2017) used the market model to calculate the expected return, E[R_t]. Bartholdy et al. (2007) stated that the market model is used to evaluate the relationship between the return on the share price and the return on the market by applying ordinary least squares (OLS). Hence, the study's return on the share price is the IPO share price's return, and the market's return is the FBMKLCI's return.

Measurement of Abnormal Returns

To statistically relate a firm's share price return to the market return, each company's stock return needs to be regressed on the market return during the estimation period using OLS. Hence, the market model method is used. MacKinlay (1997) states that the linear equation of the market model is the combination of the asset returns, i.e., from equations (2) and (3). For any security *s* the market model is

$R_{s,t} = \alpha_s + \beta_s R_{k,t} + \varepsilon_{s,t}$ (4)

where

$R_{s,t}$	share price return for firm *s* on day *t*
$R_{k,t}$	market index return on day *t*
$\varepsilon_{s,t}$	zero mean disturbance term or the error term, and
α_s	intercept term for stock *s*
β_s	slope term for stock *s*

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The abnormal return is the residual from the OLS regression (αs, β_s) estimation. By using the market model parameters of α_s and β_s, the abnormal return of the event window can be calculated as follows:

The market model

$$AR_{s,t\ (event\text{-}window)} = R_{s,t\ (event\text{-}window)} - (\alpha_{s(est.\ period)} + [\beta_{s(est.\ period)} \times R_{k,t(event\text{-}window)}]) \qquad (5)$$

Where

$AR_{s,t\ (event\text{-}window)}$	abnormal returns on equity *s* for each day in the event window
$R_{s,t\ (event\text{-}window)}$	the returns on equity *s* for each day in the event window
$\alpha_{s(est\text{-}period)}$	intercept term for share *s* measured over the estimation period
$\beta_{s(est\text{-}period)}$	slope term for share *s* measured over the estimation period
$R_{k,t(event\text{-}window)}$	the market returns for each day in the event window

The market model OLS estimators are α_s and β_s. It is essential to ensure a minimum residual in parameter estimation. Therefore, the expected error value must be assumed to be zero for the market model to be valid. To ensure the market model is reliable, the study assumes that the share returns are multivariate normal, normally distributed, and independent (MacKinlay, 1997).

Method of Analysis

This study needs to have correct statistical assumptions to obtain a correct analysis and reliable results. The study will run a diagnostic test before drawing an unbiased conclusion about the particular sample (Field, 2009). The study has made statistical assumptions; the assumption of the parametric test is met. Thus, further analysis could be conducted.

Comparing Means

The study uses the comparison of means to examine differences between two groups. The study examines the various categories of analysts' positive recommendations, abnormal returns, and the need to understand the differences in these abnormal returns. As such, the study identifies two groups of IPOs: those with analysts' positive recommendations and those without.

To compare the means between the two groups, the daily data series is divided into three periods. The three periods are the pre-event, event, and post-event dates. The event is the expiration of the lockup period. Hence, the days before the expiration of the lockup period are the pre-event dates; day 0 is the event date, or the day of expiration; and the day after the expiration date is the post-event date. Therefore, by segregating the sample into groups and subperiods, the study can measure the effects of analysts' positive recommendations surrounding the expiration of the lock period by comparing the means between the two groups.

There will be other factors that may influence IPO share performance before and after the event date, such as material corporate announcements or other events. However, the basic assumption of this analysis is that the specific event most likely to influence the particular period is taken into account. In other words, the analysis of comparing means neglects other important events that might have a significant impact on the share price behaviour. As such, in this study, the only event that matters is the lockup period with an analyst-positive coverage effect; any other confounding effects are immaterial and can be discarded.

This study uses the independent t-test or the student's t-test to compare the two means of two variables, i.e., IPOs

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with an analyst positive recommendation and IPOs without an analyst positive recommendation. The equation of the t-test is as follows:

$$t = \frac{(\overline{x_1} - \overline{x_2})}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}} \qquad (1)$$

Where:

$\overline{x_1}$ sample of mean 1

$\overline{x_2}$ sample of mean 2

n_1 numbers of population in sample1

n_2 The number of population in sample 2

s_1^2 sample 1 variance

s_2^2 sample 2 variance

There are situations in which the study needs to measure the mean difference within the same group, requiring the use of the dependent t-test or the paired t-test. In this study, a dependent t-test is used to measure the difference in the mean of the same group before and after the event date. The paired t-test assumes that the data are normally distributed.

The one-way analysis of variance (ANOVA) is used to compare the means of two groups where it tests whether the null hypothesis of equal means holds. Hence, the group means in the study should be equal across different factor levels. The ANOVA interpretation analysis is based on the F ratio. The F-ratio is the ratio of the variation between the sample mean and the experimental effect to the experimental error. The null hypothesis is that the F-ratio equals 1, indicating no difference between the experimental treatment and the experimental error. If the F-ratio is high, it indicates a rejection of the null hypothesis.

The ANOVA analysis is extended to a specific comparison procedure, and the most commonly used methods for comparing two means are Fisher's least significant difference (LSD) and Tukey's honest significant difference (HSD). According to Fisher (1935), the main objective of LSD is to calculate the slightest significant difference between the two comparable means and to report any significant difference larger than the LSD.

The principal idea of HSD is to measure the significant difference between the two means by applying the *q* distribution. The *q* distribution shows the precise sampling distribution of the largest difference between the set of means from the original population. Hence, HSD is used to show which means are significantly different from the group under study.

RESULT AND FINDINGS

To investigate the difference in IPO share price performance with analysts' positive recommendations and without them surrounding the expiration of the IPO lockup period. The study uses the mean-comparison method, specifically the independent t-test. The study categorises the abnormal return surrounding the expiration of the lockup period into three groups. They are: the event before (Mean Before), the actual event (Mean Actual), the after-event (Mean After), and the entire event (Mean All). The study analyses the abnormal returns of IPO shares surrounding the expiration of the lockup period, distinguishing between those with and without analysts' positive recommendations in the particular group. The independent t-test results are as follows:

Table 1.0: Group Statistics of the Abnormal Return of the IPOs with Analysts' Positive Recommendation and IPOs without Analysts' Positive Recommendation

	IPO	N	Mean	Std. Deviation	Std. Error Mean
Mean Before	Analyst Rec	104	-.0240	.35130	.03445
	No AR	281	.0027	.28720	.01710
Mean Actual	Analyst Rec	104	-.1454	1.18473	.11617
	No AR	281	.0158	1.08317	.06450
Mean After	Analyst Rec	104	.0447	.37104	.03638
	No AR	281	.0208	.33457	.01992
Mean All	Analyst Rec	104	.0029	.27150	.02662
	No AR	281	.0120	.21198	.01262

Analyst Rec-Analysts' positive recommendation

No AR- No analysts' positive recommendation.

Table 2.0: Independent Sample Test of the Abnormal Return of the IPOs with Analysts' Positive Recommendation and IPOs without Analysts' Positive Recommendation

	Levene's Test for Equality of Variances			t-test for Equality of Means			
		F	Sig.	t	df	Sig.(2-tailed)	Mean Difference
Mean Before	Equal var assumed	1.263	.262	-.795	383	.427	-.02788
	Equal var x assumed			-.725	156.672	.470	-.02788
Mean Actual	Equal var assumed	1.153	.284	-1.266	383	.206	-.16168
	Equal var x assumed			-1.216	170.825	.226	-.16168
Mean After	Equal var assumed	1.928	.166	.620	383	.536	.02456
	Equal var x assumed			.592	168.867	.555	.02456
Mean All	Equal var assumed	3.613	.158	-.352	383	.725	-.00928
	Equal var x assumed			-.315	152.035	.753	-.00928

In tables 1.0 and 2.0, the independent t-test analysis is categorised into four periods. They are: before the event (Mean Before), on the event day (Mean Actual), after the event (Mean After), and for the entire event period (Mean All). The comparison of the mean test (independent t-test) is between the abnormal return of the IPOs with analysts' positive recommendation (AR) and the abnormal return of the IPOs without an analyst's positive recommendation (NAR) in an event window of (-10,+10) or 21 trading days surrounding the expiration of the lockup period. The independent t-test is used to determine whether there is a difference in the share price performance of IPOs during the IPOs' expiration lockup period between those with a positive analyst recommendation and those without.

The mean abnormal return before the event is (M = -0.0240, SD = 0.3513), on the event date is (M = -0.1454, SD = 1.1847), after the event is (M = 0.0447, SD = 0.3710), and surrounding the event is (M = 0.0029, SD = 0.2715). The mean abnormal return for AR is lower than the mean abnormal return for NAR for all of the categories of the event period, except for the after date. The mean abnormal return before the event is (M=0.0027, SD=0.2872); on the event date is (M=0.0158, SD=1.08317); after the event date is (M=0.0208, SD=0.3346); and surrounding the event date is (M=0.0120, SD=0.21198).

The independent t-test results show that the abnormal return for NAR before and on the day of the event is not significantly different from that for AR. While the mean abnormal return for AR (M=0.0447, SD=0.3710) after the event period shows a higher mean than the NAR abnormal return mean (M=0.0208, SD=0.3346). The result is also not significant with $t(383)=0.62$, $p>0.05$. The Levene test across all periods shows a non-significant p-value ($p>0.05$), indicating that there is no variance in abnormal returns between IPOs with the analysts' positive recommendation and those without it surrounding the expiration of the lockup period. However, the abnormal return means across all periods show a non-significant result.

Hence, the independent-samples t-test shows that there is no significant difference in the mean abnormal return between IPOs with an analyst positive recommendation and those without one at the expiration of the lockup period. Therefore, it is evident that neither IPOs with analysts' positive recommendations nor those without have a significant effect around the expiration of the lockup period. Most importantly, the result suggests that market participants in Malaysia do not consider analysts' positive recommendations to be important information warranting a buy signal.

CONCLUSIONS

There is no significant difference in share price performance between IPOs with analysts' positive recommendations and those without. There is no significant difference before the event, on the event date, after the event, or across the entire event period. However, the mean abnormal return for IPOs with analysts' positive recommendations is negative. In contrast, the mean abnormal return of IPOs without analysts' positive recommendations is positive in the period before the event, and on the event day, there is no significant difference between the two periods (before the event and on the event day). The post-event period and the overall event results also showed insignificant differences in mean. The test shows that there are no significant price changes in analyst-recommended IPOs or in those not recommended around the expiration of the lockup period. This confirms that investors in Malaysia do not regard analysts' positive recommendations as a value-added advantage to gain abnormal returns relative to the market. This is inconsistent with the study done by Boni & Womack (2006). They suggested that analysts' recommendations should benefit those who rely on and use the information they provide. A study by Kyle (1985a) found that an investor can earn abnormal returns from private information. In this case, the private information would be the analysts' positive recommendation.

As such, the non-significant result so far from the comparison of means in the abnormal returns of IPOs with analysts' positive recommendations suggests that analysts fail to provide new positive information. Therefore, market participants cannot earn abnormal returns by trading on analysts' positive recommendations at the expiration of the lockup period. This might imply that investors completely ignore the positive information fed to the market, such as analysts' recommendations; an alternative explanation is that market participants do not understand the positive news conveyed by the analysts' recommendations.

The study concludes that analysts' positive recommendations do not have a significant effect on IPO share price performance. In addition, the positive analysts' recommendation fails to reduce the information asymmetry surrounding the expiration of the lockup period. The study finds that the EMH theory of the semi-strong form holds: any positive information does not affect the share price, as market participants have already discounted it.

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