

**Higher-Order Systematic Co-Moments in Asset Pricing:  
Evidence from Thailand after the 1997 Economic Crisis**

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## **Higher-Order Systematic Co-Moments in Asset Pricing: Evidence from Thailand after the 1997 Economic Crisis**

### *Abstract*

This study examines the role of higher-order systematic co-moments in an asset pricing model, when stock returns are non-normally distributed. We test the effect of higher-order systematic co-moments using direct observations and the Fama-MacBeth two-pass regression on a data set comprising of weekly returns of Thai common stocks during the post-crisis period. By sorting stocks into portfolios based on Fama-French method we find that, in general, the portfolios of small-sized stocks and of value stocks tend to have higher returns. Furthermore, we find that the portfolios with relatively higher returns tend to have less, or negative, systematic co-skewness. Results from two-pass regression show that Fama-French three-factor model has a better explanatory power than the traditional CAPM and adding systematic co-moments into both models yields a slight improvement. The slope coefficient of systematic co-skewness is generally negative, implying there is a trade-off between mean returns and systematic co-skewness.