ABNORMAL STOCK RETURNS AND HURRICANES - EVENT STUDY OF THE FIVE MOST DESTRUCTIVE HURRICANES TO MAKE LANDFALL IN THE UNITED STATES SINCE 2005

Jay T Anderson (Elizabeth Tashjian)
School of Business

This paper tests how stock prices respond to information that may affect a company’s value in a material fashion. I evaluate stock price reactions to the five most destructive hurricanes to make landfall in the United States since 2005. The event study aims to analyze short-term stock price reactions of firms that are likely to benefit economically before and after the landfall of the hurricanes. I find the cumulative average abnormal return (CAAR) is statistically significant at a confidence level of 95%. Cumulative abnormal returns are generally realized following the first trading day during or after landfall. The average abnormal return for stocks on the day of landfall is also positive and significant.