

**EFFECT OF MERGER AND ACQUISITIONS ANNOUNCEMENT ON STOCK VOLUME BEFORE AND DURING THE 2007-2009 FINANCIAL CRISIS**

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**ABSTRACT**

This paper examines the effect of M&A announcements on the trading volume of stocks during an economic crisis and a non-economic period. We considered 40 M&A deals during the 2007-2008 economic crisis and 40 other cases during a clean economic period. Using the Event Study approach, we tested the statistical significance of the effect of M&A announcements on trading volumes of stocks. Our results show a significant increase in mean daily volume across all the event windows for the non-crisis period for both bidder and target firms. However, the crisis period recorded higher volume increase for wider windows confirming a long term effect. This seems to imply that regardless of the state of the overall global economy condition, the market is indifferent as far as trading volume is concerned for both bidder and target firms.

Keywords: *economic crisis, non-economic crisis, M&As, event study, stock returns, bidder and target firms.*