

## ***Title: Impact of Profit Warnings on Casablanca Stock Market***

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### ***Abstract***

On a yearly or quarterly basis, listed firms in the Moroccan Stock market publish their financial statements. These statements give details and insights to stakeholders, especially investors about their numbers. HLs is a requirement and an obligation to all firms as this gives these investors the fairness of looking at the statements and making their decisions as to invest or not. In addition to the financial statements of the company, the AMMC (L'Autorité Marocaine du Marché des Capitaux) has made it obligatory for the listed companies to publish any other document: Additional Paid in Capital Announcement, press releases about the general assemblies, and especially profit warnings. The announcements that the profits of the company will be lower than expected should be done, in Morocco, as soon as the company discovers the discrepancies between the estimates and its actual returns. Many studies, and as discussed in the next sections, have looked at this topic from different angles. The research areas vary from, the impact of profit warnings on stock prices, to the effects of time-varying betas on stock prices. However, very little research was done about this in Morocco. Since we're looking at how one specific event impacts the prices of companies' stock prices in Morocco, the most suitable methodology to adopt for this test would be the event study methodology. The market model, the most used, looks at the actual returns of the company's securities and a certain market index. It is used to represent the difference between the security's returns on a day (inside the event window) and the average return. HLs change is the effect that happens to the company because of the occurrence of the event and in our case the announcement of the profit warning.

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