

Summary of Front-Page News: The Effect of News Positioning on Financial Markets

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1. What are the research questions?

- Whether equally important news appearing on the front page affect the speed of price discovery?

2. Why are the research questions interesting?

- Classic efficient markets ignore the effect of presentation and positioning of news.
- Identifying the causal impact of news positioning is challenging as news outlets prioritizing important events.
 - SI news' positions vary due to contemporaneous numbers of PI articles, rather than their importance.
- Idea: This study analyses the market dynamics following front page versus non-front SI news.

3. What is the paper's contribution?

- Contributing to researches explore the effects of exogenous variation in news arrival and segmented exposure to the media across different investor groups.
 - Prior studies: Kaniel and Parham (2017) establish a causal link between media attention and consumer investment behavior, independent of any conveyed information.
 - Extension: For equally important news, how news is presented impacts the speed of price discovery.
- Contributing to the effect of salient presentation of news by the media.
 - Prior studies: Focusing on investor attention document overreaction to salient information.
 - Extension: Salient presentation of news speeds up the price response but doesn't lead to overreaction.

4. What hypotheses are tested in the paper? list them explicitly

- H1: Front page news show larger immediate trading volumes and absolute price change.
- H2: Front-page news show higher price change correlations in the short term.
- H3: Front page news articles have weaker price drift at long-term horizons.

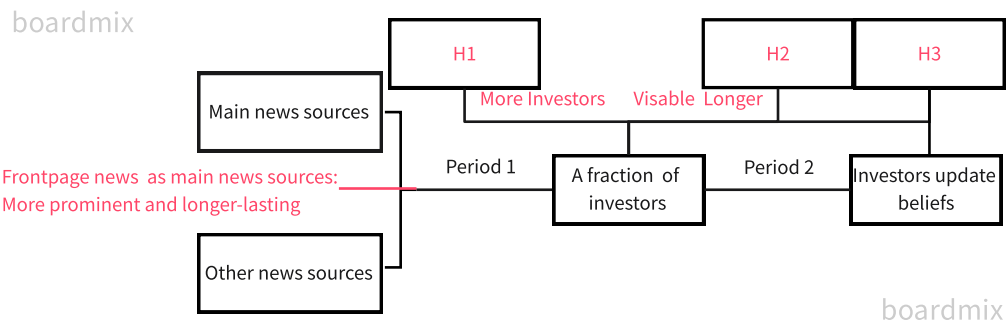
(a) Do these hypotheses follow from and answer the research questions?

Yes

(b) Do these hypotheses follow from theory or are they otherwise adequately developed? Please explain the logic of the hypotheses (use visualization if possible)

- These hypotheses follow from theoretical framework that reflects standard models of limited attention and gradual information diffusion.

5. Sample: comment on the appropriateness of the sample selection procedures



- The data window is short.
- Based on SI news is reasonable.

6. Dependent and independent variables: comment on the appropriateness of variable definition and measurement (focus on the key dependent variables and independent variables)

- Key dependent variables can reflect the price discovery at different horizons appropriately.

7. Regression/prediction model specification: comment on the appropriateness of the regression/prediction model specification

- Too few control variables may lead to estimation errors.

8. What difficulties arise in drawing inferences from the empirical work

- The results may be driven by systematic differences between SI articles that receive a front page slot and those that do not

9. Describe at least one publishable and feasible extension of this research

- How long the news stay on the front page may affect the price discovery
- Considering the news position effect, the managers may strategically release news.

参考文献

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Ron Kaniel and Robert Parham. Wsj category kings –the impact of media attention on consumer and mutual fund investment decisions. 123(2):337–356, 2017.