

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

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2024.04.16 ShiWanqing

## 1. What are the research questions?

- How does median information delivery way(Front-Page News) affect price discovery?

## 2. Why are the research questions interesting?

- Media play key role in financial information delivery, efficiency, return reactions. . .
- But news outlets are more likely to give prominence to more important events.
- Challenge: cleanly identifying the causal impact of news delivery.

## 3. What is the paper's contribution?

- contribute to identification of the news position effect.
  - Recent paper:
    - \* effects of exogenous variation in news arrival(Peress, 2014). . .
    - \* segmented exposure across different investor groups(Lawrence et al., 2018). . .
  - Extend: show causal result through position effect
- contribute to salient presentation.
  - Recent paper:
    - \* investor overreaction to it, especially retail investors(Barber et al., 2008). . .
  - Extend: position effect speed up the price response but not lead to sophisticated inst-investors overreaction.

## 4. What hypotheses are tested in the paper?

- H1: Front-page news followed by higher volume and abs excess returns within minutes.
- H2: Front-page news have higher continuation returns while news still on front page.
- H3: Front-page news induce lower return continuation at longer horizons.

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

- Yes, show position effect over various time periods.

### b) Do these hypotheses follow from theory? Explain logic of the hypotheses.

- (1)investors are inattentive, (2)investors update their beliefs in a naïve Bayesian manner
- H1: Front-page news are more visible from start, inducing higher immediate attention.
- H2: Investors continue to see them at a higher rate while news still on front page.
- H3: Once news removed from front page, it becomes just as difficult to find.

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

- Is it necessary to exclude PI and SInews published before Bloomberg?

## 6. Comment on the appropriateness of variable definition and measurement.

- Interesting: control importance, show causality between position & price response.

## 7. Comment on the appropriateness of the regress/predict model specification.

- Why only control firm size? Why not control other factors such as roe?

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

- Can the influence of other media be excluded?

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

- one salient presentaion: Mobile media: The more attention it receives, the more it gets pushed (headline sorting).

## References

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Joel Peress. The media and the diffusion of information in financial markets: Evidence from newspaper strikes. *the Journal of Finance*, 69(5):2007–2043, 2014.