

Summary

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Title: *Front Page News: The Effect of News Positioning on Financial Markets*

1. What are the research questions?

How does the position of news articles on the front page of financial news media influence subsequent price movements and trading volume?

2. Why are the research questions interesting?

- Markets may be inefficient in processing publicly available information due to attention constraints among investors.

- In the era when information overload, there can be many channels of information affecting investors' investment decisions.

3. What is the paper's contribution?

- Contribution to new evidence on information speed.

- Prior empirical strategies for estimating the causal impact of media use exogenous variation in news arrival.(weather-related disruptions, Engelberg and Parsons (2011), newspaper strikes (see Peress (2014))

- The paper investigate the effect via news positioning.

- Highlighting the role of salience news.

- Studies have shown that investors' limited attention can significantly impact stock prices.(Klibanoff, Lamont, and Wizman (1998))

4. What hypotheses are tested in the paper?

- H1: Front page news predict higher immediate trading volumes and absolute price change than non-Front page news.

- H2: Price effects induced by front-page news are more persistent in the short term but weaker in the long term.

- H3: The salience of news plays a more significant role in affecting market dynamics than the intrinsic importance of the news.

These hypotheses root from the main question.

- H1 investigate the reaction on front-page news versus non-front page news;

- H2 dig deeper on the consistency of the front-page news effect;

- H3 isolate the effect from studied mechanisms.

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

- News data from Bloomberg is typical for the financial market;

- Utilizing quasi-random front-page positioning cleanly isolate the effects of news salience on market reactions

6. Dependent and Independent Variables.

- Dependent variables are of representativeness on volume and price reaction;
- Main independent variables are News bearing influence on the investors.

7. Regression/prediction model specification.

- Maybe more controls on the firm level will be needed except size.

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

- It is inescapable that other unobserved factors such as market sentiment, concurrent economic events, or undisclosed financial data might drive the results.

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

- High frequency market reaction: How do investors behave before, during and subsequently after the FED speak?