

Front-Page News:

The Effect of News Positioning on Financial Markets

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1) What are the research questions (summarize in one or two sentences)?

The research questions are: Does the positioning of news on media platforms like Bloomberg's terminal influence the speed and extent of price discovery in financial markets?

2) Why are the research questions interesting?

These questions are interesting because they challenge the efficient market hypothesis by exploring how media influence, specifically the prominence of news placement, affects the immediate and long-term market responses, potentially leading to market inefficiencies such as price bubbles or incorrect valuations.

3) What is the paper's contribution? (1. Find the literature; 2. Summarize the literature; 3. Summarize the marginal contributions to the literature)

A.Literature: This study contributes to the existing literature on media influence in financial markets, which discusses the impact of news dissemination on market volatility and investor behavior. Referenced studies include the work by **Busse and Green (2002)**, which examines how news media affects stock price volatility, and **Boulland, Degeorge, and Ginglinger (2017)**, who analyze how media exposure can trigger irrational market reactions.

B.Summarize Literature: Prior research has primarily focused on how the arrival of news affects markets, such as the studies by **Peress (2014)** and **Kaniel and Parham (2017)**, which explore the relationship between news events and market reactions. However, there has been less focus on the effects of news presentation or positioning.

C.Marginal Contributions: This paper extends the understanding by specifically isolating the impact of news positioning on financial terminals, demonstrating that front-page placement significantly accelerates price discovery compared to non-front-page news. This approach uniquely reveals the specific impact of presentation formats on market efficiency, enhancing our knowledge of how information is disseminated through financial terminals and how this dissemination impacts asset pricing.

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

Hypotheses tested include:

H1: Front-page news articles lead to higher immediate trading volumes and excess returns.

H2: Front-page news articles are accompanied by higher continuation in short-term returns.

H3: Front-page news articles induce lower return continuation at longer horizons.

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

Yes, these hypotheses directly address the research questions by detailing how the positioning of news affects market dynamics in both short and long terms.

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 are developed from theories related to information dissemination and market efficiency, suggesting that more prominently displayed news captures more immediate attention from investors, impacting trading behaviors and market outcomes.

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

The sample selection includes PI and SI articles from the Bloomberg terminal over specific dates, providing a controlled setting that leverages natural variation in news positioning—this is appropriate as it allows for clear comparison between different news positioning impacts.

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

The key independent variable is the news positioning (front-page vs. non-front-page), and the dependent variables are trading volumes, price changes, and return continuations. These are appropriately defined and measured, reflecting direct market responses to news dissemination.

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

The regression models used to assess the impact of news positioning on market responses are adequately specified, incorporating controls for potential confounders and using robust methods to isolate the effect of front-page placement from other factors.

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

A key difficulty could be attributing causation purely to the positioning of news, as external factors like market conditions or simultaneous news events could also influence market responses.

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

An extension could investigate the differential impacts of news positioning across various financial markets and instruments, such as bonds or derivatives, to see if the observed effects are consistent across different market structures and investor bases.