

General Topic of Interest:

Asymmetrical information, behavioral economics, attention allocation, stock return.

Research Question:

We want to explore the role of information and attention allocation on stock price movement, while attempting to distinguish price shocks caused by more informed institutional investors and less informed retail investors.

Justification for Interests:

First facet of this research is to explore abnormal, short term price movements. In the past few years, there has been a significant increase in the presence of retail investors in the financial markets (ex. Gamestop squeeze). However, it is unclear how information asymmetry and attention allocated by the retail investors and institutional investors contribute to such abnormal movements.

Secondly, this research aims to examine the discrepancy between the market valuation and the general expectation of the Federal reserve, attempting to unravel how the information released by the federal reserve (as policy guidance, press release, report) and the interpretation of this information contribute to market valuation.

Data and Research Design:

ProQuests will be the source of most newspaper, journal articles. This data will provide the lens to perform a general sentiment analysis on the market with respects to information.

Google Trends will provide us with search results that can construct our attention allocation measures. CRSP and WRDS will provide stock prices, return, volume, financial statements and representative institutional investors 13F filings.