Do markets react to NGO press campaigns?

Hackathon – Group 10

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Our group focused on tasks 4 to 6 to find out if NGO campaigns have an impact on the return of American and European banks

Part 1: Loading Data

- SIGWATCH's Campaign Sentiment Analysis
- Daily Stock Return
- Fama French 3 Factors (risk-free, SMB, HML)

Part 2: Filtering & Analysis

We filter for **only banks** operating in the **US** and the **European Union***

**We decided to exclude the UK due to poor quality of data*

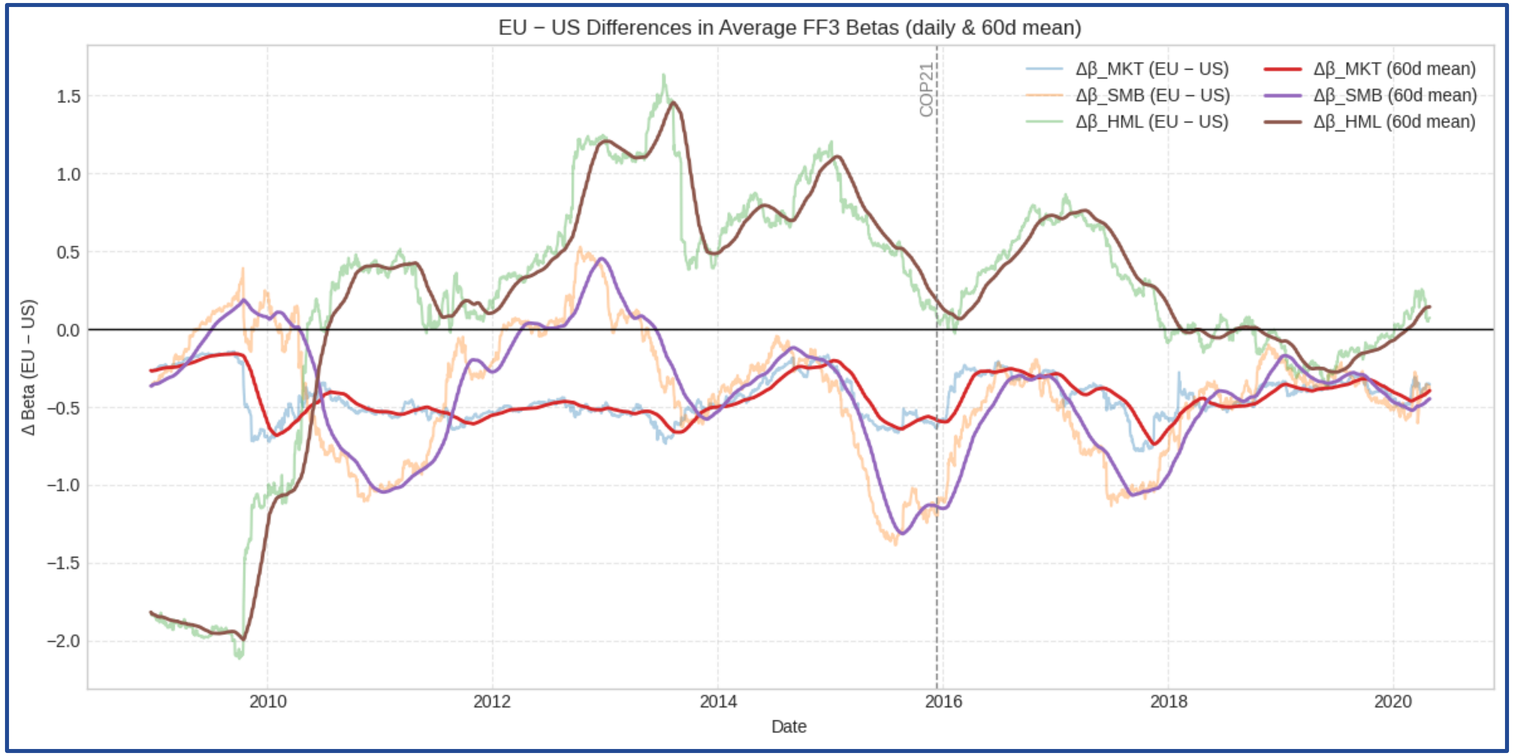
Part 3: Results

4 Estimate the Fama French 3 Factors

5 Compute CARs around the event dates

6 Check the impact of NGO campaigns

The U.S. crisis was fast and systemic, Europe's delayed and structural; as policies and sentiment aligned, bank risk sensitivities converged



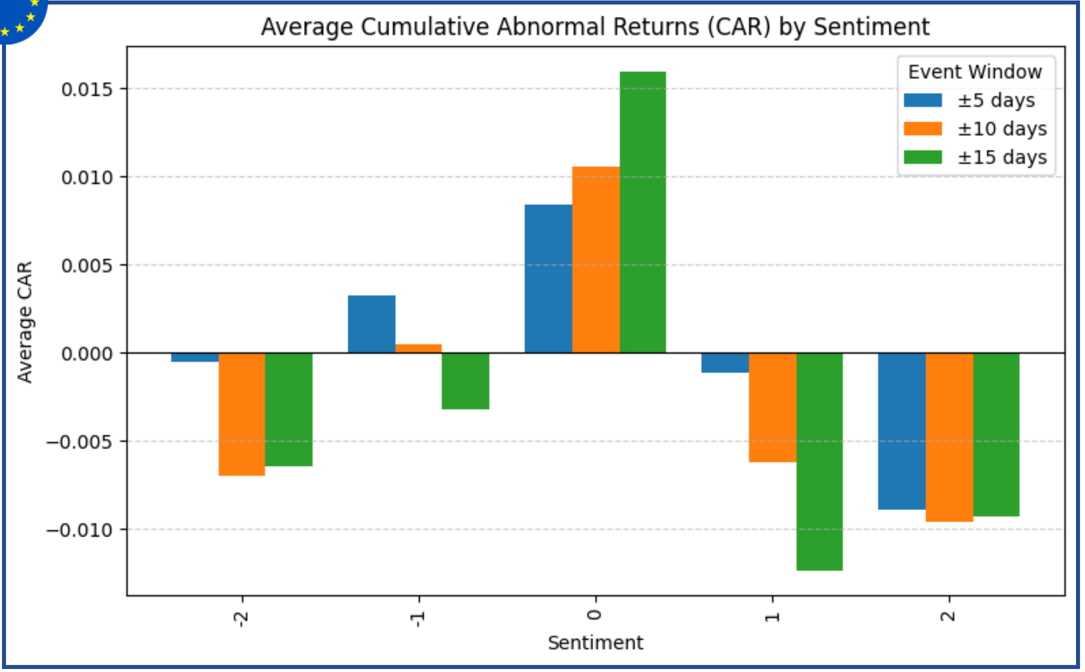
Main Findings

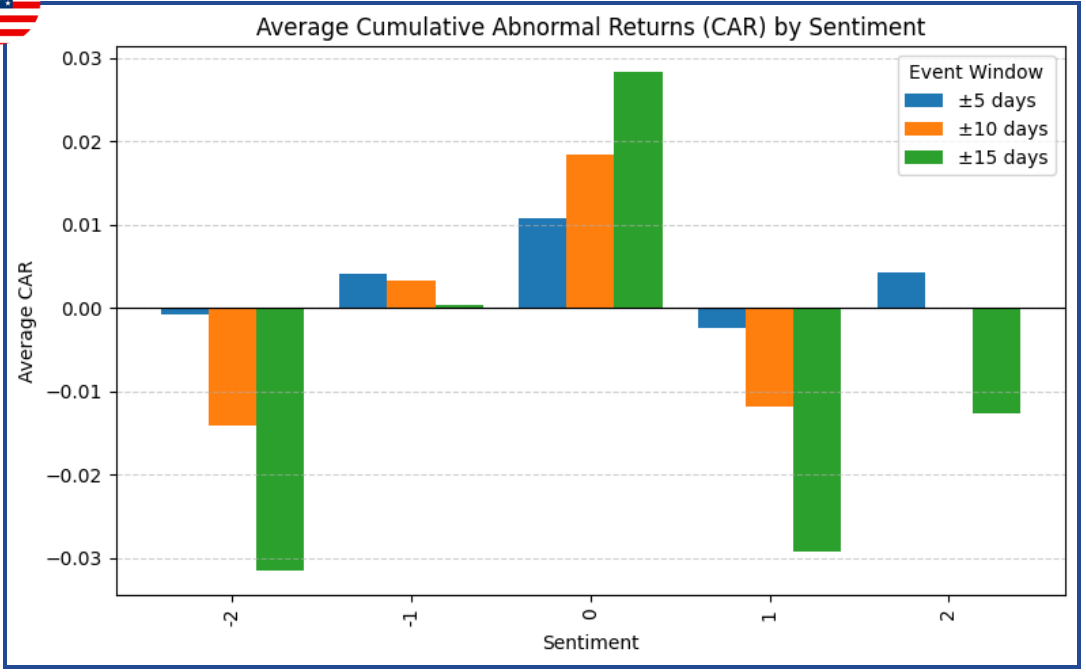
Crisis Divergence (2009–2012):
European banks became markedly more value-oriented (high Δβ_HML), while U.S. banks showed stronger exposure to market and size factors — reflecting differing crisis responses.

Eurozone Aftershock (2013–2016):
Persistent positive Δβ_HML points to continued undervaluation and cyclical pressure in Europe versus U.S. normalization under quantitative easing.

Re-Synchronization (2017–2020):
Gradual narrowing of all Δβ gaps signals convergence in transatlantic risk sensitivities amid regulatory tightening and macro stabilization.

Markets Reward Stability and Penalize Extremes (Positive or Negative) with Stronger Sentiment Reactions in the U.S.

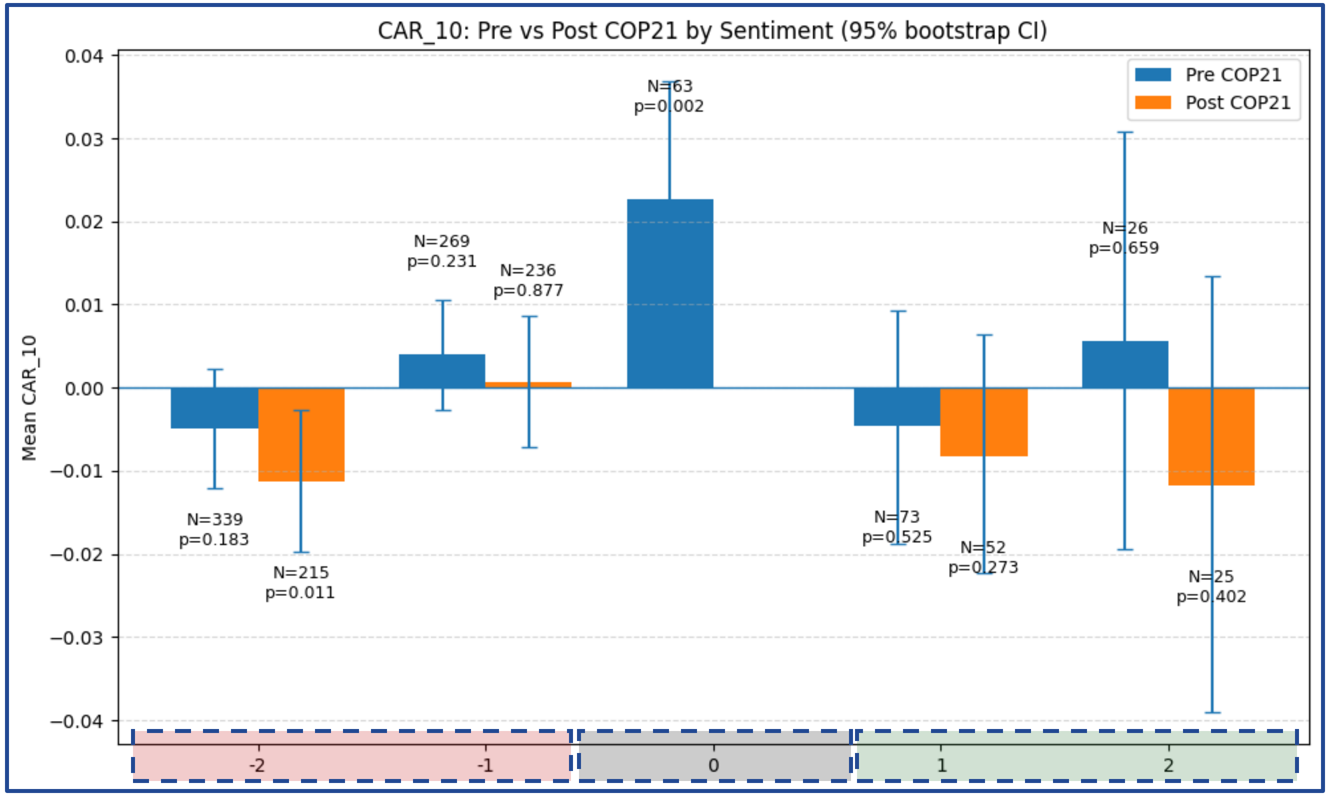




Markets tend to reward neutrality, interpreting balanced communication as a sign of stability. In contrast, extreme sentiments—whether highly positive or negative—are often met with investor skepticism, leading to negative abnormal returns. The amplitude of reactions is larger in the U.S., where stocks show greater volatility around sentiment-driven events, suggesting a more sentiment-sensitive and speculative investor base than in Europe.

Bocconi

After COP21, Markets React More Harshly to Campaigns — Penalizing Both Positive and Negative Sentiments



Before COP21, negative campaigns (–2) already had **small declines but were not statistically significant**. After COP21, these same strongly negative events **produced larger and significant drops**, with CAR_{10} around –1.1% ($p \approx 0.014$).

For neutral events (0), the pre-**COP21 period shows positive CARs** (about +1.5% to +2.9%), while the few post-COP21 observations turn negative, though with very small samples (4 events).

Positive campaigns (1, 2) **remain mixed and mostly insignificant**, except for sentiment 1 post-COP21, where $CAR_{15} \approx -2.3\%$ ($p \approx 0.016$).