

THE

DONALD J. TRUMP

* EFFECT ON THE STOCK MARKET *

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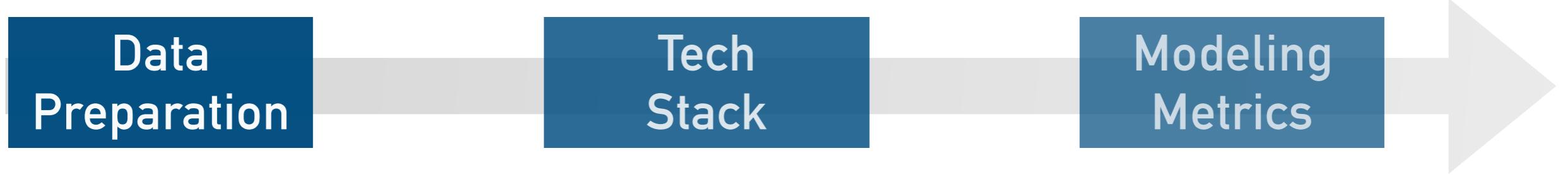
02 PROJECT LUTHER | REGRESSION

INTRODUCTION

TARGET QUESTION

How does **sentiment** about
Trump affect the
stock market?

METHODOLOGY



HOW IT WORKS?

AR

$$DJIA_t = \beta_0 + \beta_1 y_{t-1} + e_t$$

+

+approvalrating + tweets + googletrends

ARIMAX(1.0)

Dow Jones Industrial Average (DJIA)

Goldman
Sachs

3M

 BOEING

 McDonald's®

 UnitedHealthcare®



Donald J. Trump 
@realDonaldTrump

Following

If the Dow Joans ever falls more than 1000 "points" in a Single Day the sitting president should be "loaded" into a very big cannon and Shot into the sun at TREMENDOUS SPEED! No excuses!

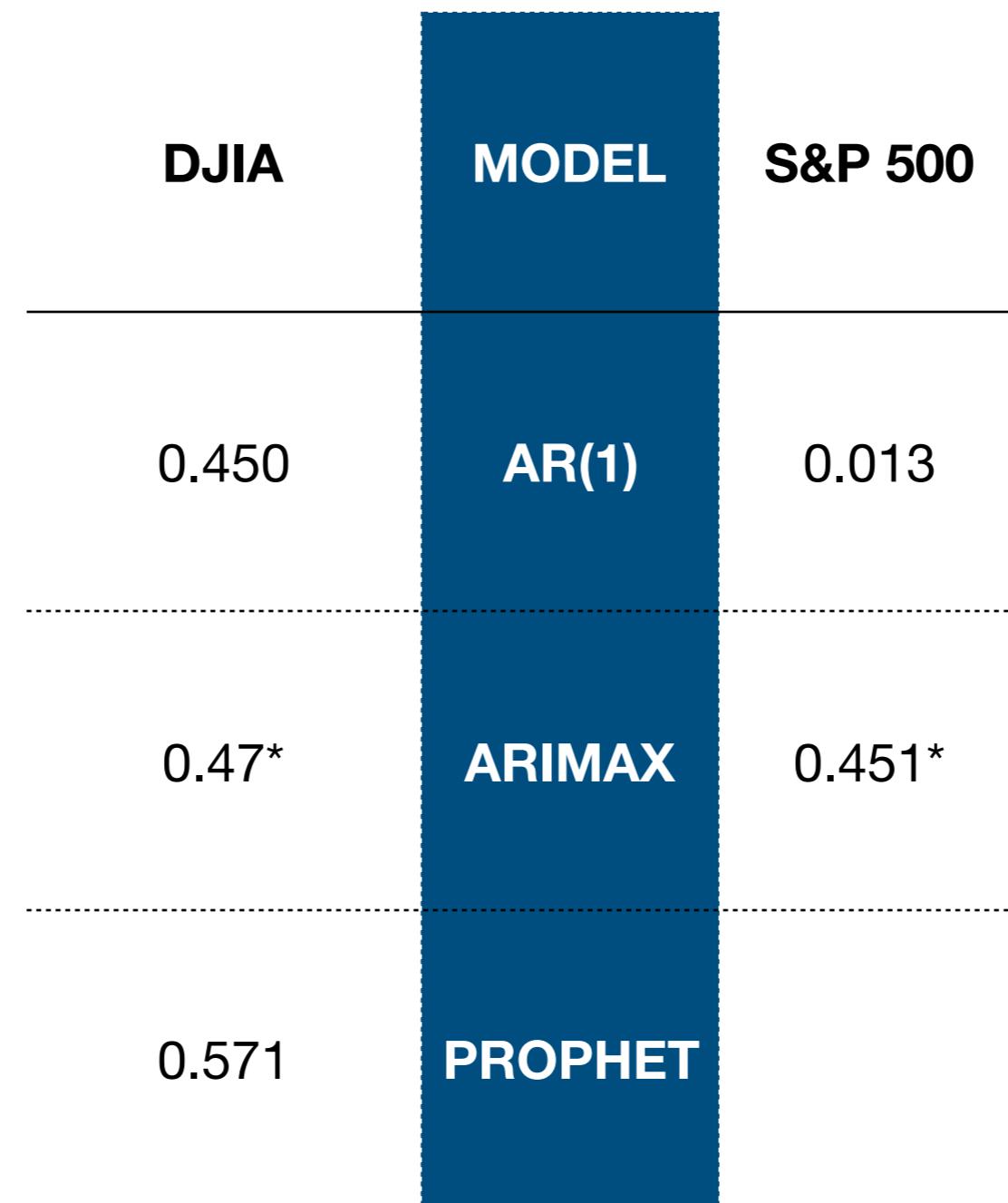
12:27 AM - 25 Feb 2015

28,553 Retweets 153,086 Likes



★★★ MOST TWEETED ABOUT INDEX ★★★

RESULTS



*None of the coefficients were statistically significant

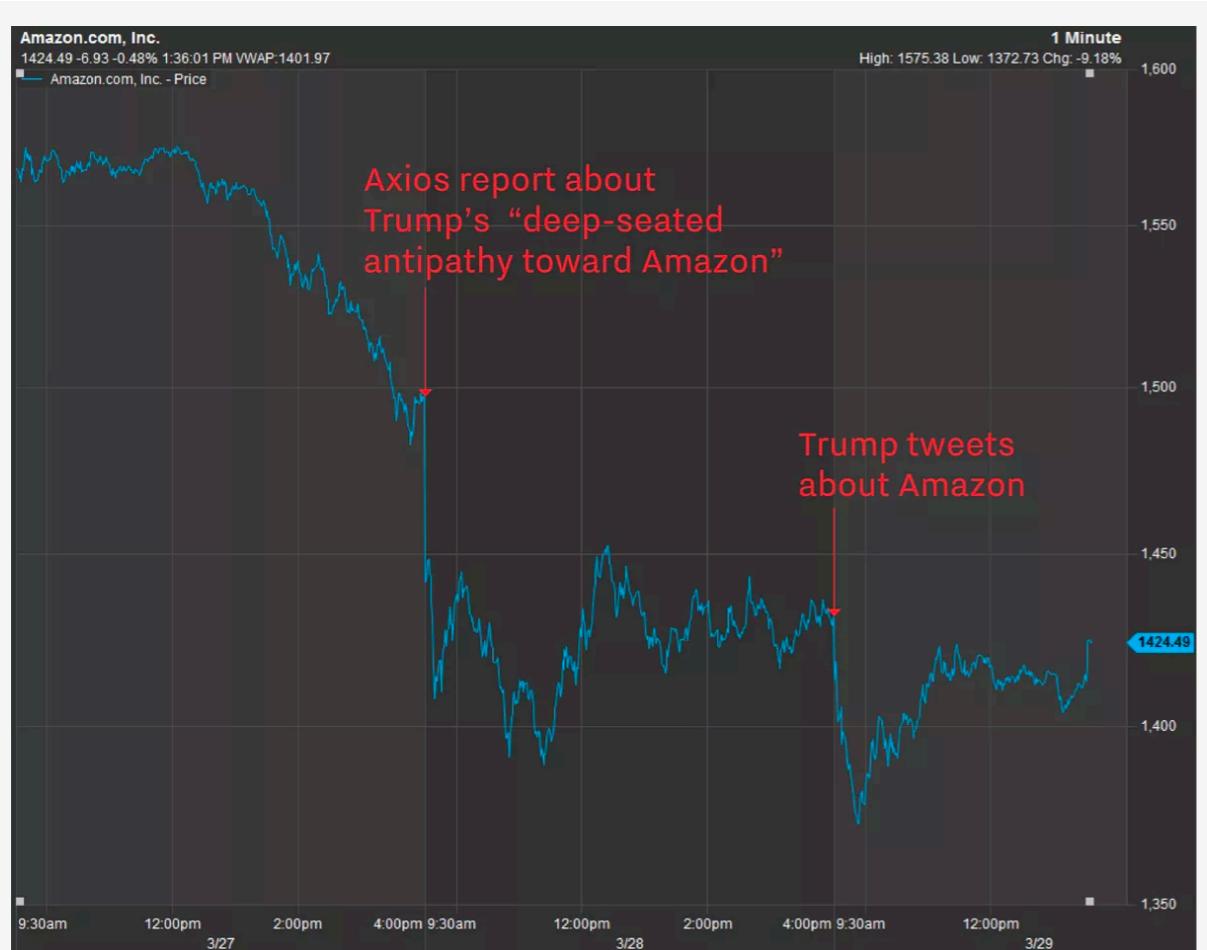
S & P 500



CONCLUSIONS

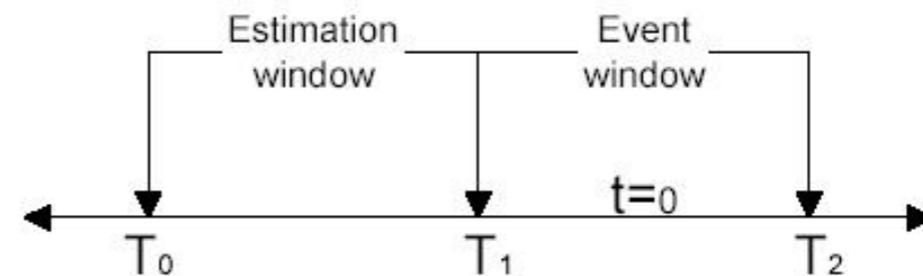
1. Stock Market is **hard** to predict (Chaotic System)
2. **S&P 500 > DJIA** for predicting changes in price
3. **Number of Negative Tweets and Trump Mueller Keyword** minimized error

FUTURE WORK



1. Event Study for Specific Companies (Short Run Shocks)

2. Fama - French Model (Abnormal Returns)



Donald J. Trump

@realDonaldTrump

I have stated my concerns with Amazon long before the Election. Unlike others, they pay little or no taxes to state & local governments, use our Postal System as their Delivery Boy (causing tremendous loss to the U.S.), and are putting many thousands of retailers out of business!

123K 3:57 AM - Mar 29, 2018

81.1K people are talking about this

THANK YOU