

Information is one of the most valuable assets in the financial market. Its importance lies at the core of the “Perfect Market Hypothesis” (PMH), which states that the prices of assets fully reflect all available information, adjusting immediately to any new data (2), and thereby creating a strong demand for information flow. In addition, the “Mixture of Distribution Hypothesis” states that the release of new information is closely linked to movements in both realized and implied volatility (1)(3)(7). Consequently, a large part of the literature had focused on the relation between announcements, news and market activity. For example, Schumaker and Shen (4) use various linguistic and textual representations derived from financial news to predict stock market prices. Similarly, Ederington and Lee (5) analyze the impact of macroeconomic news announcements on interest rate and foreign exchange futures markets, particularly in terms of price changes and volatility. Both studies, among others, find that prices—such as stock prices—react primarily within minutes after the release of new information (4)(5).

Recently, the world has witnessed the rise of the Internet which revolutionized the dissemination and accessibility of information. Social media enable investors, analysts or politicians to instantly share their information, news or opinions. This led some studies to focus on the communication dynamics of social platform to predict changes in the returns of financial assets (6)(8). In this context, the impact of Trump’s tweets on various financial and macroeconomic variables has been analysed by several studies, especially during his first mandate. Using high-frequency financial data, Gjerstad et al. (y) found an increase in uncertainty and trading volume, along with a decline in the U.S. stock market—regardless of the tweet’s content. However, the effect was stronger when Trump used confrontational words such as “tariff” or “trade war.” Some of his announcements also influenced the U.S. dollar exchange rate (l) and certain market indices within minutes of the tweet being posted (r)(a). Other scholars have shown that negative Trump’s tweets about specific companies tended to reduce demand for their stocks (b)(g), whereas some other have shown that they also impact market volatility indices such as the VIX (w) or the Volfele(v). The effects of his tweets also extended beyond the U.S.. For example, Sun and al. shows a positive relationship between volatility in European stock markets and tweeter activity of Trump, and this effect tends to intensify as public intention for his tweet grows (z).

1. Information demand
2. The Adjustment of Stock Prices to New Information (FAMA, JENSEN)
3. roll

#### 4,5 News Trading and Speed (Foucault)

4. Textual Analysis of Stock Market Prediction Using Financial News (SCHUMAKER, SHEN)

5. How Markets Process Information: News Releases and Volatility

6. **Can blog communication dynamics be correlated with stock market activity?**

7. Return Volatility and Trading Volume: An Information Flow Interpretation of Stochastic Volatility (Andersen)

8. Can Twitter Help Predict Firm-Level Earnings and Stock Returns?

a. An analysis of the impact of President Trump's tweets on the DJIA and S&P 500

b. **Under his thumb the effect of president Donald Trump's Twitter messages on the US stock market**

g. Making Trading Great Again: Trump-based Stock Predictions

y. Do President Trump's tweets affect financial markets? (Gjerstad and al)

z. Impacts of Donald Trump's tweets on volatilities in the European stock markets (Sun)

r. The Effects of Donald Trump's Tweets on US Financial and Foreign Exchange Markets (consoscu)

(l) **Does the @realDonaldTrump Really Matter to Financial Markets?**

(v) Measuring Trump: The Volfefe Index and its impact on European financial markets

(w) **Political news and stock prices: evidence from Trump's trade war**

They both found that some of the prices variation are influenced minutes after the release of information, but Ederington and Lee also found that volatility tend to stay higher for several hours. This is consistent with the conclusion of Foucault

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According to (1), a growing demand emerged for information flow and tend to be correlated with an increasing risk aversion level on markets. But they also emphasise the correlation between return (realized and implied) volatility on one side and information flow on the other side. Roll (3) also noted a similar pattern where he conclude that a share of stock market volatility can be attributed to difference in information flow.

explaining the random walk pattern of assets price changes.

In the same line, sentiment analysis using social media like tweeter had also been widely used.

Although the PMH has faced numerous criticisms, the prominence of information is still widely accepted, and its influence on market decisions has been extensively studied across various subfields of economics. Different channels of influence have been explored, such as financial news. For example, Schumaker and Shen (4) use various linguistic and textual representations derived from financial news to predict stock market prices. Similarly, Ederington and Lee (5) analyze the impact of macroeconomic news announcements on interest rate and foreign exchange futures markets, particularly in terms of price changes and volatility. Both studies, among others, find that prices—such as stock prices—react primarily within minutes after the release of new information (4)(5).

Info to put intro

Amorce

- Major economic shock in the trade system,
- dollar,
- trust in US government and US bond,
- and thus stock market

Contextualization of the issue

- Trump and his administration are highly unpredictable, creating high uncertainty
- Uncertainty affects market

Tweeter

- Trump gives his opinion on tweeter => sentiment analysis
- His tweeter could be a way for investor to reduce uncertainty (really?)
- Also, Trump release highly important breaking news information on his tweeter
  - o Ex: first sign of retraction of his tariff policy (7 April) where made on tweeter
- How does markets react?