

The Research Centre of School of Economics and Business,
in cooperation with **the Bank of Slovenia,**
cordially invites you to a free research seminar
on **Wednesday, 22 May 2024, at 13:00 CEST** in room **P-119**
at **School of Economics and Business, University of Ljubljana**

Author

Nadia Massoud (Melbourne Business School)

will present the article

Whose Attention Matters? Evidence from News Sentiment

Abstract

This study explores the role of institutional and retail attention for price formation in the context of the sentiment mix of multiple media news releases, seeking to resolve conflicting evidence in the literature. Critical to this effort is identifying situations of complex news, multiple conflicting news stories, periods of uninformed retail attention in absence of institutional attention, and news no one pays attention to. News complexity drives price reversals and momentum, which is attenuated by tonal inconsistency across multiple news outlets (inconsistent tone across multiple contemporaneous news outlets drowns out any clear price pattern following the news event), and by institutional and informed retail investor attention, either of which are sufficient to drive out a statistically significant price reversal or drift. Uninformed retail investors drive price over-reaction (and reversals) to complex positive news so long as the news tone is consistent across news outlets. A lack of both institutional and informed retail investor attention is necessary for price drift so long as the news is also of a consistent positive tone and is simple (not complex) in nature. Negative news, though impactful on the day of the event as is positive news, is not associated with price drifts or reversals, whether the news is complex or not, or paid attention to or not. These results identify at least some of the confounds that have obscured the role of informed retail trading, and the impact of mixed valence news on price formation, and the complexity of the news itself.

Keywords: Retail investor attention, Institutional investor attention, financial news, sentiment analysis, stock market returns.

Please sign up for the free seminar <http://raziskave.ef.uni-lj.si/a/1720>.

We look forward to seeing you.

