

Accepted Manuscript

News, Search and Stock Co-Movement: Investigating Information Diffusion in The Financial Market

Kun Chen, Peng Luo, Libo Liu, Weiguo Zhang

PII: S1567-4223(18)30018-8

DOI: <https://doi.org/10.1016/j.elerap.2018.01.015>

Reference: ELERAP 769

To appear in: *Electronic Commerce Research and Applications*

Received Date: 3 May 2017

Revised Date: 28 January 2018

Accepted Date: 28 January 2018

Please cite this article as: K. Chen, P. Luo, L. Liu, W. Zhang, News, Search and Stock Co-Movement: Investigating Information Diffusion in The Financial Market, *Electronic Commerce Research and Applications* (2018), doi: <https://doi.org/10.1016/j.elerap.2018.01.015>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



**NEWS, SEARCH AND STOCK CO-MOVEMENT: INVESTIGATING
INFORMATION DIFFUSION IN THE FINANCIAL MARKET****Kun Chen (corresponding author)**

Department of Finance, Southern University of Science and Technology
Shenzhen, 518055, China, Email: chenk@sustc.edu.cn

Peng Luo

School of Management, Harbin Institute of Technology
Harbin 150001, China, Email: luopeng_hit@126.com

Libo Liu

Department of Information Systems, Entrepreneurship, and Logistics, Swin-
burne University of Technology, Australia
Email: liboliu@swin.edu.au

Weiguo Zhang

Department of Decision Science, South China University of Technology
Guangzhou, 510006 China
Email: wgzhang@scut.edu.cn

Last revised: January 28, 2018

ABSTRACT

With the increase of global economic integration and business connections, stock performance in the securities market display increasing co-movement. Such co-movement is an important vehicle for risk and portfolio management in the finance arena. Thus, it is important for academics and practitioners to understand the mechanisms behind this co-movement. We focus on information diffusion and investigate the relationship between firm co-mentions and return co-movement, as well as the mediating role of search co-attention. By using sentiment analysis techniques, we further divide the firm co-mention relationships into supporting co-mentions and opposing co-mentions. Experiments were conducted based on stock data for 300 companies in the Shanghai-Shenzhen 300 Index, their public information, and Baidu's search volume data on those companies. Supported by information processing theory and prospect theory, our results indicate that information co-mentions (including supporting co-mentions and opposing co-mentions) has a significant influence on the return co-movement. Search co-attention plays an important mediating role in the relationship between firm co-mentions and return co-movement. More specifically, opposing co-mentions have a greater impact on search co-attention than supporting co-mentions, as well as a greater impact on return co-movement than supporting co-mentions. These findings provide important insights for the theoretical and practical implications.

Keywords: Firm co-mentions; information processing; prospect theory; search attention; sentiment analysis; stock co-movement

Acknowledgments. This study was funded by the National Natural Science Foundation of China (No. 71601090, No.71720107002) and Guangdong Natural Science Foundation (No. 2017A030312001).

Download English Version:

<https://daneshyari.com/en/article/6854057>

Download Persian Version:

<https://daneshyari.com/article/6854057>

[Daneshyari.com](https://daneshyari.com)