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# Twitter's Daily Happiness Sentiment and International Stock Returns: Evidence from Linear and Nonlinear Causality Tests

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## Abstract:

With newly emerged daily happiness sentiment (dhs) from Twitter, we find strong evidence that dhs can Granger cause indexes returns in linear causality test, while the opposite direction is more prominent in nonlinear causality test. Besides, dhs and indexes returns exhibit strong nonlinear relationships in American, while dhs cannot Granger cause indexes returns in Middle East and North Africa. Taken together, all these findings indicate interdependencies between online activities and stock markets.

**Keywords:** Twitter happiness sentiment; Linear and nonlinear causality; International stock returns; Investor sentiment

**JEL classification:** G12; G4

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