

How does the news affect the stock prices of Olympics host countries and FIFA host countries?

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Background

- As the sports industry continues to grow, mega sports events can have a significant impact on the financial markets, and stock market performance has been influenced by sports-related news.
- However, very few studies have been undertaken to examine the impact of sports events on the stock market.

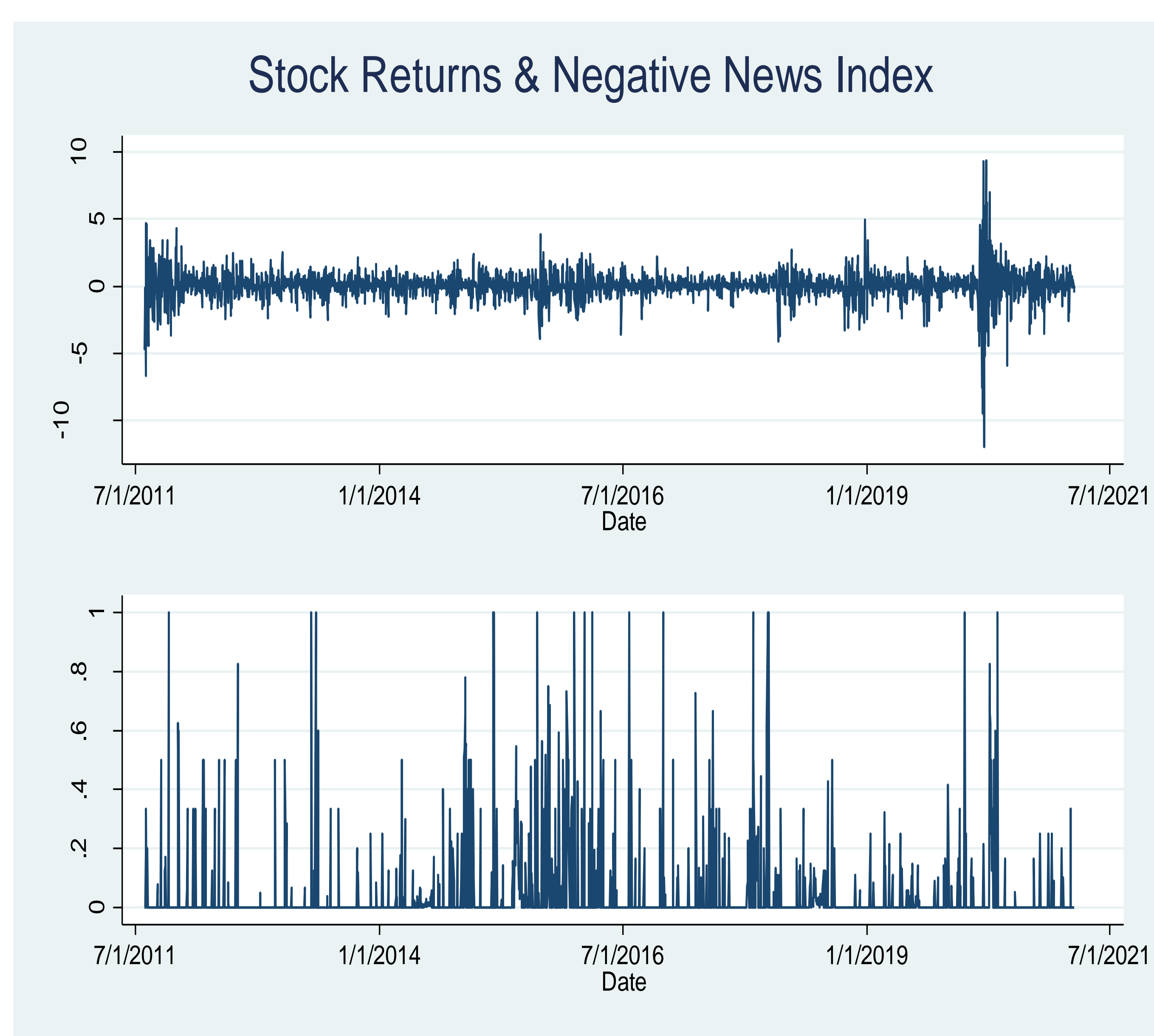
Aim and Objectives

This paper attempts to investigate the impact of news on the stock market.

Data and Methodology

- This study uses quantitative and qualitative methods to examine the effect of news on the stock market.
- The econometric analysis is based on the estimation of two alternative non-linear models, and a Markov switching model.

Figure 1. Relationship between Stock Returns and Negative News Index in USA.



Results and Discussion

- Results of econometric analysis, controlling for potential endogeneity of the stock returns variables, show that news index has a positive and significant impact on stock returns.
- The results also show that interest rate and oil prices have a positive and significant impact on stock returns.
- Whereas VIX index has a negative and significant impact on stock returns.

Table 1. The impact of news on stock returns

VARIABLES	(1) Stock returns	(2) Stock returns	(3) Stock returns	(4) Stock returns
News(NNI)	0.0133* (0.00732)	0.0121* (0.00725)	0.00979** (0.00495)	0.00985** (0.00491)
Interest rate		0.0492*** (0.00724)	0.0285*** (0.00496)	0.0287*** (0.00492)
VIX			-0.0938*** (0.00180)	-0.0925*** (0.00180)
Oil prices				0.0121*** (0.00210)
Constant	0.0376 (0.0239)	0.0421* (0.0237)	0.0729*** (0.0162)	0.0740*** (0.0161)
Observations	2,385	2,363	2,363	2,363
R-squared	0.001	0.021	0.544	0.550

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Conclusion

The results show that news have a positive and significant impact on stock returns.

References

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