

Z e p p e l i n U n i v e r s i t y

Department for Corporate Management and Economics

Buchanan Institute for Entrepreneurship and Finance (Marcel Tyrell)

Chair for Alternative Investments and Corporate Governance (Mark Mietzner)

Master's Thesis

Do investors care about newspaper coverage on firms?

Empirical evidence from the European automotive industry

Author:	Johannes Leifert
Matriculation Number:	10200214
Course of Studies:	Master of Corporate Management and Economics
1st Reviewer:	Jun Prof Dr Mark Mietzner
2nd Reviewer:	Prof Dr Marcel Tyrell
Submission Date:	15 June 2012

Abstract

The thesis investigates the empirical relation between trading volume respectively stock returns and newspaper coverage using panel data for six European car manufacturers from Germany, France, and Italy. For all three markets we find highly significant positive relations between the amount of coverage and trading volume. Also, we find highly significant positive relations between a measure of overall newspaper coverage and trading volume. When regressing media data on stock returns we do not find any significant relations for Italy and Germany. For France we find significant positive coefficients, when regressing a measure of the tonality of newspaper coverage on stock returns. However, regressing the measure of overall coverage does not yield any significant results for France as well. We find content related differences in the relation between newspaper coverage and trading volume in different general economic and market conditions. The fundamental relation, however, does not seem to change a lot over time or comparing different markets. We interpret our overall findings as empirical evidence for the role of the media to gradually diffuse information in financial markets.