University of Zurich[UZH]

Bachelor Thesis

University of Zurich

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Don't shoot the messenger: Do returns of media companies react abnormally to important news?

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Abstract

In this empirical work I apply standard models of asset pricing to linearly interpolate the daily returns of American media and mass media companies, and test whether there is evidence of systematical deviations in relation to days where important events take place. The hypothesis is that on days with bad news the media companies broadcasting them are penalized, whereas on days with good news, the media companies could profit from excessive or irrational optimism of the people and the investors. This hypothesis is only partially supported by the results.