



**University of  
Zurich<sup>UZH</sup>**

# **Cumulation and Consonance in the US Print Media during Times of Boom and Bust**

Faculty of Economics, Business Administration and Information Technology  
Department of Banking and Finance  
Bachelor Thesis

## **Executive summary**

The purpose of this bachelor thesis is to elaborate on the data generated within the Institute of Banking and Finance's Swiss National Science Foundation research project "Medien und Finanzmärkte: Empirische Untersuchung und ökonomische Modellierung" and check for cumulation and consonance effects in different US print newspapers in times of stock market rises versus stock market falls.

The basic idea behind this project is that newspapers not only serve as a pure means of transporting content to its readers, but also shape and transform the message. Intra-media cumulation occurs through the continuing coverage of a public story within the same communication medium, while inter-media consonance describes the tendency of different media sources to offer homogeneous reports on the same events. As a result, the share price of firms may substantially deviate from fundamentals.

In the process of news article analysis, reported developments, their causes and consequence as well as explicitly and implicitly described emotions were used as the explanatory variable. The Standard & Poor's 500 (S&P 500) acted as the response variable. Multiple regression analyses in various settings revealed no overall evidence; neither with respect to different newspapers, nor in the course of time. Apart from sporadic outliers, the null hypothesis that there is no relationship between the investigated cumulation and consonance of media content and S&P 500 index movements could not be rejected at conventional significance levels of 5 or 10 percent. The corresponding coefficient of determination and explanatory power was low.

However, these findings do not imply that cumulation and consonance effects are inexistent. The scientific study of economic media coverage effects on market movements is in its infancy. Therefore, the reported results in this thesis must be seen as preliminary and can be taken only as tentative.