Broadsheet Media Coverage of Stock Market Fluctuation in Nepal: A Content Analysis

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ABSTRACT

Information plays a vital role in the trading process on the stock market. The buying and selling prices are not only influenced by demand and supply of the listed stocks among investors and traders but are also important for intraday traders. Hence, looking at the importance of information related to the stock market, the media houses cover the news, make covers, post breaking news, and do other journalistic reporting on the stock market. Therefore, the paper conducted a quantitative content analysis of the media coverage of the Nepalese stock market by the two national broadsheet daily newspapers. The paper found that stock market fluctuation coverage was more covered by the private-owned broadsheet Nepalese newspaper than the government-owned broadsheet Nepalese newspaper. Similarly, the tone of the coverage of the stock market was determined by the trend of the stock market. The bullish market was represented by a positive tone, and vice versa. Similarly, a large number of headline news stories were printed in the broadsheet newspaper by both government-owned and private-owned broadsheet newspapers. Nevertheless, the media coverage of the Nepalese stock market has been just a formality for the national-level broadsheet newspapers, as the investors have been getting real-time-based information through online portals that are completely devoted to reporting on the stock market.

Introduction

Information plays a major role in the trading process on the stock market. Investors also have concerns about the information regarding the market trend while going for trading on the market floor. Investment decisions by an investor are based on different sources of information. The question is how perfectly the investor filters the information and uses it in his or her investment decision-making process. A highly acclaimed hypothesis, i.e., the Efficient Market Hypothesis (EMH), also focused on the availability of information about the stock price. The three forms of EMH are based on the informational content of the stock prices. The weak form says that the current prices of stocks already fully reflect all the information that is contained in the historical price sequence. The semi-strong form of EMH says that current stock prices not only reflect all the informational content of historical prices but also reflect all publicly available knowledge about the corporations being studied. And finally, the strong form of the Journal of Business and Management Review Vol. 4 No. 8 2023 Page 626-634
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EMH maintains that not only is publicly available information useless to the investor or analyst, but all information is useless (Fischer & Jordan, 2001).

Nevertheless, information has its place in the investment decision process, and the inadequacy of knowledge and skill training for investing in the stock market makes an investor vulnerable due to uncertainties caused by information asymmetry. The more impact the investor's investment decision has on emotions, sentiments, and the market environment, the more the news published in the media directly influences the investment decisions of investors in the short term (Chan, 2003). The media’s ability to disseminate news can be crucial in affecting stock prices because it makes investors more susceptible to emotional swings in sentiment (Tetlock, 2007). With the growth of internet access and the high-speed flow of information, the question of the credibility of information has also been raised. Hence, the question of which means of communication should be considered reliable for investors has also been a concern. The information about the stock market flooded in social media, financial forums, news portals, and conventional media should be considered reliable, which has become a concern for investors (Tetlock, 2007; Mao et al., 2011; Bollen et al., 2011; Wenhao et al., 2016). Hence, numerous researchers have discovered that the media, particularly financial news, has varying degrees of influence on the stock market, refuting the Efficient Market Hypothesis (EMH) (Antweiler & Frank, 2004; Kleinnijenhuis et al., 2015; Tetlock, 2007).

Vara (2004) highlights three determining aspects of economic journalism: the abstract character of the economy, its systemic nature, and its complexity. The stock market is also an integral part of the economy. Hence, the media houses in Nepal also provide regular coverage of stock market fluctuations. In Nepal, a few financial online portals are actively involved in providing stock market-related content regularly. Similarly, the coverage of stock market news, articles, cover stories, editorials, and interviews are seen from time to time as per the interest of the readers in the national-level broadsheet newspapers as well. However, the real-time accessibility of information has sidelined broadsheet coverage of the Nepalese stock market and coverage of stock market news, stories and other contents have just been a part of duty only to fill-up the economic pages allotted in the Nepalese national-level broadsheet newspapers. Nevertheless, the event study on stock market using the impacts on good and bad news have been done earlier under the quantitative research using statistical and financial tools, but the content analysis on stock market movement coverage is completely a new perspective of doing reach on Nepalese stock market. Looking at this scenario, the paper tries to conduct a quantitative content analysis as well as detect the tone of the coverage of stock market news, articles, cover stories, editorials, and interviews.

Literature Review
Fang and Peress (2009) investigated the cross-sectional relationship between media coverage and expected stock returns. Even after accounting for well-known risk indicators, the paper demonstrated that stocks with low media attention outperform those with extensive media coverage in terms of returns. Smaller companies and those with strong individual ownership, little analyst coverage, and substantial idiosyncratic volatility showed these effects to be more pronounced. The paper’s conclusions suggested that stock returns are influenced by the level of dissemination of information.

Engelberg and Parsons (2011) found that the local media coverage of earnings announcements of S&P 500 Index firms, after adjusting for earnings, investor characteristics, and newspaper characteristics, highly predicted local trading. Additionally, local trade and local reporting timing are closely tied, which presents a unique obstacle for nonmedia explanations.

Birz and Lott Jr. (2011) saw weak evidence supporting the real economic news affecting stock market fluctuations. Further study by the researchers also indicated that the news published about the GDP and unemployment did not affect stock returns.

For a period of two years (2014–2015), Strycharz et al. (2018) looked at the reciprocal correlations between the volatility of the closing prices of three companies listed on the Amsterdam market index, ING, Philips, and Shell, and online media coverage about these companies. The study discovered a correlation between emotionality and emotional coverage of the Philips and Shell stock price fluctuations. Similar to this, a Granger Causality was seen between Philips stock prices and news coverage.

Ren et al. (2020) stated that the news reaction among the investors was done on a real-time basis, which does not take place and takes some time for the investor to give a reaction. Hence, the Deep Bidirectional Long Short-term Memory (DBLSTM) was seen as productive in predicting the stock market's short-term trend using news text data.

Using the Generalized Autoregressive Conditional Heteroskedasticity (GARCH) model and the Glosten-Jagannathan-Runkle-GARCH (GJR-GARCH) model, Hsu et al. (2021) examined the impact of news sentiment on stock market volatility. To measure financial news that may interest investors, patented linguistic analysis was used. The data revealed that both recent and old news influenced market volatility.

Jufang (2021) has noted that the stock market is not only the focus and main topic of media attention but also a barometer of the state of the nation's economy. The paper provided examples of how media opinion affected the danger of contagion from stock price fluctuations. The study concluded that stock price fluctuation risk contagion is influenced by three media emotions: media sentiment tendency, media sentiment intensity, and media attention persistence. Similarly, Löffler et al. (2021) found that the
negative toned news impacted five times stronger than the positive toned news on the stock market.

Smith and O’Hare (2022) tried to find out how the traditional news coverage on daily basis and activities on Twitter sentiment came from CEO influenced on the market performance, where the Twitter sentiments have no correlation with the market movement but a limited impact by the news coverages.

Deveikvte et al. (2022) found that the tweets on Twitter related to stock markets had a strong negative correlation on the market movement, while a stock market news headlines on media coverage had an impact on prediction of the market movements.

In context to Nepal, Prasad and Kadariya (2022) found a negative effect of ‘bad’ news, a positive impact of ‘good’ news, and an inconsistent effect of ‘informational’ news on stock returns. ‘bad’ news seems to impact market returns more strongly. Similarly, in context to China, Wu et al. (2022) found that negative news before one day and after four days makes stock price volatility larger, resulting in excess returns among Chinese A-Share prices.

Jin et al. (2023) examined the effect of international news sentiment on global stock market returns. The study discovered that higher international news sentiment result in higher stock market returns using an extensive sample of international news from 35 different nations. Similarly, a degree of economic openness in a country affects how investors look at the news.

Method

The paper is based on the quantitative content analysis of the Nepalese stock market-related news, views, interviews, and articles published in two Nepali-language national dailies, one private-owned and another fully state-owned, namely, the Kantipur National Daily (Private-owned) and The Gorkhapatra (State-owned). Newspaper coverage was chosen based on study results showing that print news is a more significant public information medium than other media platforms (Goidel et al., 2010). At the same time, behind the presence of economic newspapers in Nepal, two popular newspapers, i.e., those that appeal to a broad target audience and are of high quality, have been considered as samples for the study. Popular newspapers target a broader audience and have inherent importance to the story as well as being market-driven (Harcup & O’Neill, 2016; Strömbäck et al., 2012). Hence, the news, views, interviews, and articles related to the Nepalese stock market published in two sampled Nepali language broadsheet newspapers within the period of July 15, 2022, to July 15, 2023, are considered the sample for the paper. The paper considered the news, cover story, editorial, interviews, and bylines to conduct the quantitative content analysis. The manual tone analysis of the respective content is done to get a better picture of the content analysis. Here, the tone
also referred to as sentiment, valance, affect, or textual polarity, of a text is used for investigation (Soroka et al., 2015).

Data Analysis

This section illustrates the content analysis of the stock market fluctuation coverage by the sampled Nepalese broadsheet newspapers.

Content Analysis for Kantipur National Daily

The table below illustrates the content of stock market fluctuation covered by the Kantipur National Daily during the sampled period:

<table>
<thead>
<tr>
<th>Content</th>
<th>Published</th>
<th>Ratios in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Tone News</td>
<td>11 times</td>
<td>17.74</td>
</tr>
<tr>
<td>Positive Tone News</td>
<td>8 times</td>
<td>12.90</td>
</tr>
<tr>
<td>Cover Story (Negative Tone)-Byline</td>
<td>1 time</td>
<td>1.61</td>
</tr>
<tr>
<td>Cover Story (Positive Tone)-Byline</td>
<td>2 times</td>
<td>3.23</td>
</tr>
<tr>
<td>Byline (Positive Tone)</td>
<td>7 times</td>
<td>11.29</td>
</tr>
<tr>
<td>Byline (Negative Tone)</td>
<td>14 times</td>
<td>22.58</td>
</tr>
<tr>
<td>Headline</td>
<td>16 times</td>
<td>25.81</td>
</tr>
<tr>
<td>Editorial (Negative Tone)</td>
<td>1 time</td>
<td>1.61</td>
</tr>
<tr>
<td>Interview</td>
<td>2 times</td>
<td>3.23</td>
</tr>
<tr>
<td>Total</td>
<td>62 times</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Kantipur National Daily

Table 1 reflects that the Kantipur National Daily covered every aspect of the broadsheet newspaper's contents while doing news coverage of Nepalese stock market fluctuations. Of the different contents published during the study period, headline news was portrayed the most, covering 25.81 percent of the total news coverage done on the stock market by the national daily. After the headline news, the by-line news on the stock market with a negative tone covered it, putting it in second position. At the same time, a higher number of negative-toned news stories were published than positive-toned news stories during the study period. The reason behind this is the bearish trend of the Nepalese stock market during the study period. Even the one and only editorial published during the study period was negative. As Lim and Tan (2021) justified that the negative events within the sampled companies, namely Tesla (USA) and Nio (China), brought out the negative information, which made deteriorating impact of stock price performance, the negative-toned news are published when the stock market normally follows a bearish trend, and the positive-toned news are published when the stock market follows a bullish trend.
Table 2 Content Analysis for Gorkhapatra

<table>
<thead>
<tr>
<th>Content</th>
<th>Published</th>
<th>Ratios in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Tone News</td>
<td>10 times</td>
<td>16.13</td>
</tr>
<tr>
<td>Positive Tone News</td>
<td>9 times</td>
<td>14.52</td>
</tr>
<tr>
<td>Cover Story (Negative Tone)-Byline</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Cover Story (Positive Tone)-Byline</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Byline (Positive Tone)</td>
<td>1 time</td>
<td>1.61</td>
</tr>
<tr>
<td>Byline (Negative Tone)</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Headline</td>
<td>29 times</td>
<td>46.77</td>
</tr>
<tr>
<td>Editorial</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Interview</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49 times</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

*Source: Gorkhapatra*

As of Kantipur National Daily, another broadsheet national daily, Gorkhapatra has not covered Nepalese stock market news from different aspects of its journalistic contents. Looking at Table 2, only a single byline with a positive tone was published on the Nepalese stock market during the study period. Only the headlines on stock market activities (relatively, right declaration, bonus announcement, merger and acquisition, etc.) covered 46.77 percent of the total content of stock market-based articles. Jeon et al. (2022) also indicated that the stock returns jumps when the headline news flashes in comparative to the non-headline news, though the non-headline news relatively helped on explaining yield curve variations. Similarly, a very small number of negative and positive-toned news articles were published in the Gorkhapatra, covering 16.13 percent and 14.52 percent of the total contents during the study period, respectively. Svensson et al. (2017) revealed that the level of negativity printed in media reduces the interest of readers, especially in internal (national) economic efficacy; hence the Gorkhapatra being a fully state-owned national daily, won’t be interested in publishing negative-toned news to spread negativity in the market.

**Conclusion and Implication**

The tone of the published materials in the newspaper directly or indirectly affects public opinion. Roush (2008) viewed that the tone of the media coverage highly influences the sentiments of the public; hence, the financial journalist should be careful while reporting negative news. The paper found that the two sampled national daily broadsheets of Nepal mostly covered negative news or negatively toned bylines. However, it is to be noted that the stock market fluctuation during the reporting of the news also determines the negative or positive content. Hence, the reporting and content of stock market-based news depend on market fluctuations but not on the intention of the journalist.
The paper also reflects that the coverage of the private-owned Nepali broadsheet newspaper, i.e., the Kantipur National Daily, has covered every aspect of the contents of the broadsheet newspaper, while the state-owned Nepali broadsheet newspaper, i.e., the Gorkhaparta, has not focused on the varieties of the contents with regards to reporting the fluctuation of the Nepalese stock market.

However, with the real-time data and news availability in the online portal of the stock market and the presence of other online-based economic portals dedicated to the stock market, the broadsheet national daily newspapers in Nepal have been covering the stock market fluctuation to maintain their credibility and popularity in the market. Furthermore, the broadsheet newspapers have been covering stock market news for the sake of formality or continuity of their regular reporting duties.

The content of the stock market news reporting is not based on agenda-setting strength but on the credibility and accuracy of the information only. Information plays a vital role in stock market fluctuations. The stock price on the secondary market is highly determined by information other than regular demand and supply. Hence, the media coverage for a specific stock in the context of the stock market of Nepal, with a facility of limited portfolio diversification and a limited number of traders, highly influences the market fluctuation. Media attention to a specific company, whether positively or negatively, directly influences investors’ sentiments.

References


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