# The Effect of Commercial Paper Rating Changes and Credit-Watch Placement on Common Stock Prices

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### Abstract

The common stock price response to the announcement by Standard and Poor of CreditWatch placement and commercial paper reratings is examined. Results indicate a negative stock price response to negative placements on the CreditWatch list and to commercial paper rating reductions. A cross-sectional model is estimated to identify firm characteristics associated with the stock market response.

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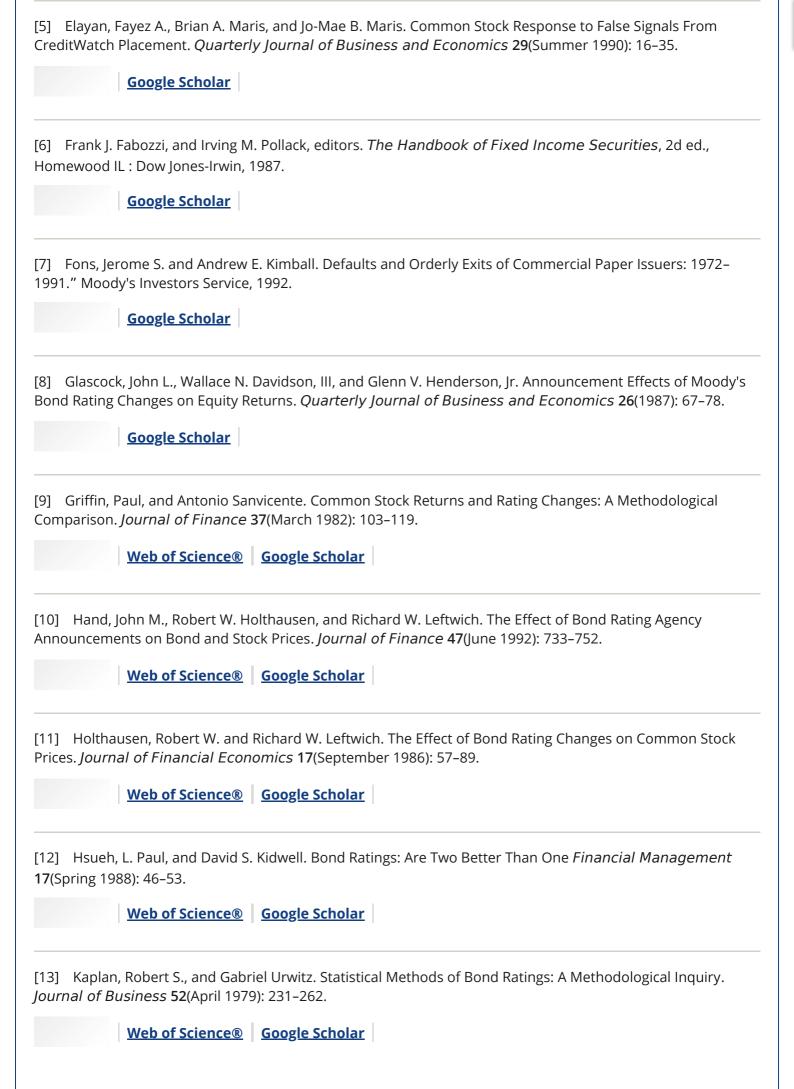
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