116
Cited by

Stock Price Reactions to The Wall Street Journal's Securities Recommendations

Published online by Cambridge University Press: **06 April 2009**

Pu Liu, Stanley D. Smith and Azmat A. Syed

Article contents

Get access

Abstract

This paper examines the impact of the "Heard-on-the-Street" (HOTS) column of *The Wall Street Journal* on common stock prices. The results of the study indicate that the HOTS column appears to have an impact on stock prices on the publication day; however, we also find a smaller, but statistically significant, impact on two days preceding the publication. The significant abnormal returns on these days are associated with higher trading volume. The reaction of stock prices is symmetric with respect to the buy and sell recommendations, and the impact of single-company recommendations is greater than the impact of the multi-company recommendations.

This website uses cookies
By clicking "Accept all cookies", you agree to the storing of cookies on your device to enhance site navigation, analyse site usage, and assist in our marketing efforts which includes personalised advertising on certain pages. **Cookie notice (https://www.cambridge.org/legal/cookies)**
Cookie Settings
Reject all
Accept all cookies

Information

Type
Research Article

Information

Journal of Financial and Quantitative Analysis, Volume 25, Issue 3, September 1990, pp. 399 - 410
DOI: https://doi.org/10.2307/2330704

Copyright

Copyright © School of Business Administration, University of Washington 1990

References

Asquith, P., and Krasker, W. S.. “Changes in Dividend Policy and Stock Trading Volume.” Working Paper, Harvard Business School, Cambridge, MA (10 1985). Google Scholar

Bamber, L. S. “The Information Content of Annual Earnings Releases: A Trading Volume Approach.” Journal of Accounting Research, 24 (Spring 1986), 40–56. CrossRef Google Scholar

Beaver, W. H. “The Information Content of Annual Earnings Announcements.” Empirical Research in Accounting: Selected Studies, supplement to Journal of Accounting Research, 6 (1968), 67–92. CrossRef Google Scholar

Bjerring, J. H.; Lakonishok, J.; and Vermaelen, T.. “Stock Prices and Financial Analysts' Recommendations.” Journal of Finance, 38 (03 1983), 187–204. CrossRef Google Scholar

Black, F. “Yes, Virginia, There is Hope: Tests of the Value Line Ranking System.” Financial Analysts Journal, 29 (09–10 1973), 10–14. Google Scholar

Brown, S. J., and Warner, J. B.. “Measuring Security Price Performance.” Journal of Financial Economics, 8 (09 1980), 205–258. CrossRef Google Scholar

Brown, S. J., and Warner, J. B.. “Using Daily Stock Returns: The Case of Event Studies.” Journal of Financial Economics, 14 (03 1985), 3–31. CrossRef Google Scholar

Copeland, T. E., and Mayers, D.. “The Value Line Enigma.” Journal of Financial Economics, 10 (11 1982), 289–321. CrossRef Google Scholar

Daniel, W. W., and Terrell, J. C.. Business Statistics. Boston, MA: Houghton Mifflin Co. (1983). Google Scholar

Givoly, D., and Lakonishok, J.. “The Information Content of Financial Analysts' Forecast of Earnings.” Journal of Accounting and Economics, 1 (12 1979), 165–185. CrossRef Google Scholar

Grier, P., and Katz, S.. “The Differential Effects of Bond Rating Changes among Industrial and Public Utility Bonds by Maturity.” Journal of Business, 49 (04 1976), 226–239. CrossRef Google Scholar

Griffin, P., and Sanvicente, A.. “Common Stock Returns and Rating Changes: A Methodological Comparison.” Journal of Finance, 37 (03 1982), 103–119. CrossRef Google Scholar

This website uses cookies

By clicking “Accept all cookies”, you agree to the storing of cookies on your device to enhance site navigation, analyse site usage, and assist in our marketing efforts which includes personalised advertising on certain pages. **Cookie notice (https://www.cambridge.org/legal/cookies)**

Cookie Settings

Reject all

Accept all cookies

Groth, J. C; Lewellen, W. G.; Schlarbaum, G. G.; and Lease, R. C.. “An Analysis of Brokerage House Securities Recommendations.” Financial Analysts Journal, 35 (01–02 1979), 32–39. CrossRef Google Scholar

Holloway, C. “A Note on Testing an Aggressive Investment Strategy Using Value Line Ranks.” Journal of Finance, 39 (06 1981), 711–719. CrossRef Google Scholar

Holthausen, R., and Leftwich, R.. “The Effect of Bond Rating Changes on Common Stock Prices.” Journal of Financial Economics, 17 (09 1986), 57–89. CrossRef Google Scholar

Huberman, G., and Kandel, S.. “Value Line Rank and Firm Size.” Journal of Business1, 60 (10 1987), 577–589. CrossRef Google Scholar

Ingram, R.; Brooks, L.; and Copeland, R.. “The Information Content of Bond Rating Changes: A Note.” Journal of Finance, 38 (06 1983), 997–1003. CrossRef Google Scholar

Jarrell, G., and Poulsen, A. B.. “Stock Trading before the Announcement of Tender Offers: Insider Trading or Market Anticipation?” Working Paper, Univ. of Rochester (11 1988). Google Scholar

Karpoff, J. M. “A Theory of Trading Volume.” Journal of Finance, 41 (12 1986), 1069–1087. CrossRef Google Scholar

Lakonishok, J., and Vermaelen, T.. “Tax Induced Trading around Ex-Dividend Days.” Journal of Financial Economics, 16 (07 1986), 287–319. CrossRef Google Scholar

Lloyd-Davies, P., and Canes, M.. “Stock Prices and the Publication of Second-Hand Information.” Journal of Business, 51 (01 1978), 43–56. CrossRef Google Scholar

Millon, M., and Thakor, A. V.. “Moral Hazard and Information Sharing: A Model of Financial Information Gathering Agencies.” Journal of Finance, 40 (12 1985), 1403–1422. CrossRef Google Scholar

Morse, D. “Asymmetrical Information in Securities Markets and Trading Volume.” Journal of Financial and Quantitative Analysis, 15 (12 1980), 1129–1148. CrossRef Google Scholar

Morse, D. “Price and Trading Volume Reaction Surrounding Earnings Announcements: A Closer Examination.” Journal of Accounting Research, 19 (Autumn 1981), 374–383. CrossRef Google Scholar

Peterson, D. R.. “Security Price Reaction to Initial Review of Common Stock by the Value Line Investment Survey.” Journal of Financial and Quantitative Analysis, 22 (12 1987), 485–494. CrossRef Google Scholar

Pincus, M. “Information Characteristics of Earnings Announcements and Stock Market Behavior.” Journal of Accounting Research, 21 (Spring 1983), 155–

This website uses cookies

By clicking “Accept all cookies”, you agree to the storing of cookies on your device to enhance site navigation, analyse site usage, and assist in our marketing efforts which includes personalised advertising on certain pages. **Cookie notice (https://www.cambridge.org/legal/cookies)**

Cookie Settings

Reject all

Accept all cookies

183. CrossRef Google Scholar

Richardson, G., Sefcik, S. E.; and Thompson, R.. “A Test of Dividend Irrelevance Using Volume Reactions to a Change in Dividend Policy.” Journal of Financial Economics, 17 (12 1986), 313–333. CrossRef Google Scholar

Scholes, M., and Williams, J.. “Estimating Betas from Nonsynchronous Data.” Journal of Financial Economics, 5 (12 1977), 309–327. CrossRef Google Scholar

Stickel, S. E. “The Effect of Value Line Investment Survey Rank Changes on Common Stock Prices.” Journal of Financial Economics, 14 (03 1985), 121–143. Google Scholar

Stickel, S. E. “The Effect of Preferred Stock Rating Changes on Preferred and Common Stock Prices.” Journal of Accounting and Economics, 8 (10 1986), 187–215. CrossRef Google Scholar

Winans, R. F.Trading Secrets. New York: St. Martins Press (1986). Google Scholar

Woodruff, C. S., and Senchack, A. J. Jr, “Intradaily Price-Volume Adjustments of NYSE Stocks to Unexpected Earnings.” Journal of Finance, 43 (06 1988), 467–491. Google Scholar

This website uses cookies

By clicking “Accept all cookies”, you agree to the storing of cookies on your device to enhance site navigation, analyse site usage, and assist in our marketing efforts which includes personalised advertising on certain pages. **Cookie notice (https://www.cambridge.org/legal/cookies)**

Cookie Settings

Reject all

Accept all cookies