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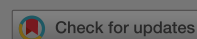
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## Investor sentiment, stock returns, and analyst recommendation changes: The KOSPI stock market

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## ABSTRACT

By analysing daily data on the KOSPI stock market, we examine how investor sentiment and stock market returns respond to announcements of changes in analysts' recommendations. In addition, we examine the effect of these announcements on the relationship between investor sentiment and stock returns. We find that investor

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## Notes

1 For example, Seok, Cho, and Ryu ([2019](#)) examine whether investor sentiment influences the relationship between earning announcements and stock returns. They find that the responses of stock returns around earning announcements are greater in stocks with higher investor sentiment.

2 The characteristics and importance of the Korean stock market are well documented in the recent finance and investment literature (e.g., Chung, Cho, Ryu, & Ryu, [Forthcoming](#); Ryu, Ryu, & Hwang, [2016](#)).

3 The evaluation period can be adjusted depending on the research purpose (Wong, Manzur, & Chew, [2003](#)). We set the period to 14 days to construct the RSI variable. The analyses using other periods yield the same conclusions.

4 As a robustness check, we also construct the sentiment indicator by incorporating the implied volatility index (VKOSPI), which measures investors' fear and sentiment in the KOSPI200 options market. However, our overall conclusion remains the same. The results are available on request.

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