

Journal of Behavioral Finance >

Volume 18, 2017 - [Issue 3](#)

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# Are Oil Price News Headlines Statistically and Economically Significant for Investors?




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Pages 258-270 | Published online: 12 May 2017

 Cite this article  <https://doi.org/10.1080/15427560.2017.1308942>

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## ABSTRACT

While much has been written about the effects of oil price on stock returns, surprisingly nothing is known about the effect of oil price news on stock returns. This article is a response to this research gap. For a large number of stocks on the New York Stock Exchange, the authors find that while oil price news does predict market returns it only predicts returns of some sectors and not all. They find that sorting stocks based on oil price news generates a significant return differential in the cross-section, which holds consistently across a range of models allowing for the well-known risk factors. Their findings suggest that information contained in oil price news affects stock returns.

KEYWORDS:

[Oil price news](#) [Stock returns](#) [Risk factors](#) [Market](#) [Sectors](#)

# Notes

1. For related studies, see Narayan and Sharma [[2014a](#)], Moya-Martinez, Ferrer-Lapena, and Escribano-Sotos [[2014](#)], and Arouri [[2011](#)].
2. Newspaper articles have also been used to measure economic uncertainty (see Baker et al. [[2013](#)]). For non-media-based uncertainty analysis, see Bashar, Wadud, and Ahmed [[2013](#)], Kang and Ratti [[2013a](#), [2013b](#)], and Antonakakis, Chatziantoniou, and Filis [[2013](#)].
3. In an earlier version of this article, we had used data for the period 1995 to 2006. After presenting this article at several places we updated the dataset to 2009. We found that our main results did not change. There is a substantial cost associated with updating the dataset as the news data has to be hand collected. As our subsample results have been robust, we believe that updating this dataset by another few years is unlikely to change our main story. From the analysis we have done, it is clear that the results we obtain are not subsample dependent.

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