

Supply and Demand: Propagation and Absorption of News

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Abstract

The importance of the media for individual and market behavior cannot be overstated. For example, a front-page article in the New York Times that mostly reprints information from six months prior can cause a company's stock price to jump by over 300%. To better understand the channels through which the media affects markets and the resulting implications for news production, we study how individuals process information in news. Do readers display a preference for news with a positive slant? Are consumers of news segregated based on the media outlets they favor? Do individuals recognize which news is novel, and which simply reprints old information? While these questions are grounded in fundamental human psychology, they are also inextricably linked to the rapidly changing technology of news production. With over a million stories a day passing through the Bloomberg terminal alone, the volume of data – both on the content of news and the behavior of readers – has skyrocketed. As a result, analysis of media production and consumption requires ever more sophisticated techniques for identifying the informational value of news and the behavioral patterns of its modern readers.

ACM Classification

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Keywords

News Aggregation; Information Processing; Reader Behavior



Short Bio

Anastassia Fedyk is a PhD Candidate in economics and finance at Harvard University. Her research focuses on behavioral biases in individual and group decision-making, and how limited attention and imperfect information processing affect market reactions to news. Prior to joining Harvard, Anastassia was a researcher and portfolio manager at Goldman Sachs Asset Management, where she built regime-switching models, low latency equity trading strategies, and news-based sentiment indicators for the credit markets.