

Press Release Engineering:

Leveraging the Power of Press Releases to Manage Stock Price

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Abstract

We look at the idea of press release engineering in terms of managing stock price through press release manipulation. The data needed for this study was collected and analyzed by the CentralFinance system which we developed to find correlations between stock price and financial press releases. The hypothesis was that it would be possible to not only find a correlation between stock price movement and the release of a news article, but to find specific variables that factor into a news article which would increase, decrease, or help stabilize a stock. Through our research, we discovered a significant correlation between financial press releases and increased stock return. This was represented by a large difference in Sharpe ratio between stocks during a twenty minute window after a press release, and a set of 1000 randomly chosen time and stock combinations (Sharpe from news articles: 1.813 to Sharpe of random set: -0.062). Another notable result was the link found between media outlets and stock price movement. On average, press releases from the top five news sources (Business Week, Investor's Business Daily, Wall St. Cheat Sheet, The Daily Ticker, and CNBC) produced returns greater than the average return from the same stocks but at random intervals. Additionally, article release time as well as sentiment polarity and tone also revealed strong correlations that could be leveraged for possible press release engineering.