

**NEWS-DRIVEN MARKET REACTIONS: SHORT-TERM PRICE
MOVEMENTS IN STOCK AND FOREX MARKETS**

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Abstract

Because of fast algorithmic trading and instant worldwide communication, today's markets are quick to react to any news events. The paper explores the factors causing fast price fluctuations in stocks and in forex after news events. Using information from studies and research, the paper investigates the effects of macroeconomic news, geopolitical changes, central bank statements and random news on volatility and trader habits. Researchers conclude that news events have different effects on the liquidity of markets, the pattern of volatility and trading activity, despite being organized into scheduled and unscheduled categories. Studying examples of investor responses to key news such as Federal Reserve decisions and changes in unemployment or politics, this analysis points out that investors often react too quickly, too slowly or in unpredictable ways that cause volatility among asset types. Extra importance is given to understanding how HFT and sentiment analysis tools increase and clarify the impact of any market movements. From comparing data and using event-based research, it is shown that forex markets respond more rapidly but less accurately, since they have abundant liquidity and a longer operating schedule. In the conclusion, the paper outlines actions institutional investors should take and desired policies for market regulators to help markets recover from information shocks.

Keywords: Market Sentiment, News Impact, Stock Market Volatility, Forex Price Movements, Behavioral Finance

1. Introduction

The power of news to shape the market is now much more important in digital finance than it was in earlier times. Because of global linkages through fast communication systems, market changes now take place nearly as soon as they learn about news. If there is an earnings update, a central bank decision or a geopolitical shock, those in the market quickly updates their investment plans and adjusts their portfolios. Because of this, prices in the stock and forex markets quickly change, since trading activity is higher and it's easier for traders to act fast. As changes in information have a stronger impact on financial systems, the importance of how markets react to news increases for all types of decision-making. Previously, it took time for financial markets to react to news because companies communicated and traded by hand. As a result of digital changes in trading systems and algorithmic trading, markets read and respond to information in different ways. Sharing news today is almost instant thanks to Bloomberg, Reuters, CNBC and sites like Twitter and Reddit. People use these websites for access to both strong facts and unconfirmed information. After receiving new data, investors from both kinds

of groups often react instantly, sometimes failing to consider its impact over the long haul. Consequently, more people are using quick strategies like day trading and HFT, where computers registered in natural language and act on simple patterns spotted in news articles. As a result, the market is becoming more shaky and sensitive. The fact that stock and forex markets are set up differently provides a great way to witness how news affects them. The stock market operates at specific times and debt markets follow a number of rules. Announcements of quarterly earnings, mergers, important disruptions in industries and regulatory adjustments are the main market-influencing news for equities. However, the forex market operates non-stop Monday through Friday, is not controlled by any one institution and adjusts to new trends in global interest rates, inflation reports and issues affecting countries around the world. Furthermore, central banks strongly affect the forex markets when talking about the main pairs and the higher liquidity and leverage cause prices to quickly change in this market. Therefore, we have to study every market independently and see if similarities exist when we look at both markets together. Moreover, behavioral finance has improved our view of how investors respond to news. There is an abundance of data in the market, but how people think and feel still affects how it moves. Common errors in thinking such as overreacting and following popular opinions, often result in assets being valued wrongly at such times. Because of algorithmic trading systems, these psychological tendencies can become bigger or more noticeable. How markets react depends on how machine and human factors deal with each other and the news at the time. Accordingly, my paper looks at the direct effects of news on prices as well as the underlying reasons behind those reactions. This study adds to earlier studies by studying how markets reacted to news that arrived on time as well as news that was unexpected. We carry out comparisons to understand the extent, speed and length of responses by the market in the stock and forex domains. Furthermore, we investigate the impact of news attitude, the effect of computational trading and the outcomes of quick data evaluation on the direction of markets over short terms. Key aspects addressed in this paper are reviews of useful theories, summaries of essential findings from studies and practical help for traders, risk managers and regulatory bodies. The goal of this research is to learn how financial markets take in and react to news, in a world where information moves quickly and is widely available.

2. Literature review

2.1. Theoretical Background of Market Reactions to News

The EMH, introduced by Eugene Fama (1970), suggests that in financial markets all the data is already included in the prices. Even so, this model has come up against difficulties due to empirical research and market behaviors, especially during news events. Frequently, markets start by reacting in an exaggerated way or with a noticeable delay, before reaching a stable point. Because pricing most goods is not rational, psychologists have come up with alternative models that consider the effect of frictions on behavior. Behavioral finance explains many of these unexplained patterns. In 1998, scholars Barberis, Shleifer and Vishny proposed explaining the influence of heuristics and biases on investor interpretations of news. Individuals may not pay enough attention to new news because they are cautious or too much attention because they follow the crowd. When the news is fast-changing and full of uncertainty such

behavioral traits become essential. They explain the complicated and changing way markets absorb and use information.

2.2 How Algorithmic Trading and Sentiment Processing Play a Part

Because of more immediate news and data tools, prices now react differently, thanks to algorithmic trading. Milliseconds after reading the news, social networks and economic information, algorithms activate trades due to changes in sentiment and matches to key words. They wrote that even though such systems may strengthen market liquidity and performance, they also create uncertain situations due to misclassification of emotional responses. In today's financial modeling, sentiment analysis is very important. By applying machine learning and NLP, companies and researchers make predictions for trading with textual data. Tetlock demonstrated in 2007 that daily news views in financial columns made a small but consistent impact on market returns when there was little other news. With quantitative analysis being more important in financial markets, the line between human experience and machine methods is getting harder to see..

Table 1: Summary of Key Studies on News Impact in Financial Markets

Study	Market	News Type	Key Findings
Fama (1970)	General	All News	Markets are efficient; prices reflect all information.
Andersen et al. (2003)	Forex/Stocks	Macroeconomic Announcements	Forex reacts faster but less predictably than stock markets.
Tetlock (2007)	Stock Market	News Sentiment	Negative sentiment predicts short-term price decreases.
Kirilenko et al. (2017)	Multiple	Real-Time News	Algorithms amplify both stability and volatility.
Barberis et al. (1998)	Stock Market	Earnings News	Markets underreact to earnings surprises; corrections follow.

2.3 Evidence from Stock and Forex Market Comparisons

When news comes about, stocks and forex react differently. Because the forex market is always open, its prices react swiftly to news about inflation, central bank statements and changes in world politics. Forex returns experienced spikes directly after major announcements and then retreated rapidly towards previously established levels according to Andersen et al. (2003). The rapid reaction is possible due to the deep market segment and large involvement from institutional entities. Instead, stock markets more often react by changing at a slower and more detailed pace. Events within a company such as releasing quarterly earnings or changing executives often push the price in a certain direction for some hours or even for days. It is often the case that the impact of political and regulatory news is noticed with a time delay. According

to Tetlock and others, markets that draw retail investors as well as many others can be more swayed by sentiment because of their range of investors.

2.4 Gaps in the Literature and Emerging Trends

A number of essential topics are not well addressed, despite many studies. Professionals typically examine stock or forex trends separately and very few experts study how both react to the same event. There is still much to discover about how big news in one market area can change or influence others. Besides, even though traditional media is used in most sentiment analysis studies, very few look at social media's direct impact, as it can make market reactions happen much faster. Moreover, emerging markets receive little attention in academic research, yet their stock prices frequently respond strongly to signals, since less liquidity provides a bigger information gap. Retail trading platforms, mobile apps and what influencers have to say about the markets deserve a closer look. As a result, there is likely to be an increase in using interdisciplinary and time-responsive ways to examine news-market trends.

3. Methodology

3.1 Research Design

A mixed-methods approach is used for this study. Price swings, volatile trends and trade volumes are checked using quantitative data around news events. At this stage, feelings and meaning from news reports, company press releases and social networks are used to evaluate each event. We want to understand how emotional news stories and shifts in prices are related. Researchers also examine how both the stock and the foreign exchange markets react when dealing with the same events. Because of this design, patterns and unusual events that are specific to various asset classes can be spotted.

3.2 Data Sources and Selection Criterial

Information about prices and volumes was taken from Bloomberg, Yahoo Finance and Investing.com, focusing on big indices such as the S&P 500, NASDAQ and Dow Jones and common currency pairs such as EUR/USD, USD/JPY and GBP/USD. The news events that I analyzed happened from January 2020 to December 2024 and included COVID-19, many geopolitical tensions and banks using new measures. Data on news sentiment was obtained from information on Google News, Twitter and Reuters using APIs and analyzed using Python libraries. We added only news from confirmed sources and tweets that were seen over 10,000 times to guarantee accuracy.

3.3 Analytical Techniques.

The study applies Event Study Methodology (ESM) to review changes in both returns and volatility following various news events. The event window is from -1 to +3 days to catch both enhanced activity before the event and slow responses later on. This allows analysts to judge the news itself instead of the overall trends happening in the market. News items are rated with sentiment scores which range from -1 for negative to +1 for positive. A regression model that

considers news variables is then used to see if the sentiment is important for changing the price. The occurrence of volatility clusters is further analyzed using GARCH (1,1) models.

3.4 Limitations of Methodology

Although this method treats all aspects well, it still has some limits. For starters, it's possible for sentiment analysis tools to misunderstand sarcasm, idioms or just those headlines that are not clear. Secondly, because high-frequency trading impacts prices quickly after news is released, this effect cannot be seen using traditional, daily/hourly data collection tools. In addition, connecting news sentiment to price changes is difficult, partly because other simultaneous events play a role too. In the absence of these algorithms, institutional actions in reaction to real-time events may remain obscure.

4. Results and analysis

4.1 Price Reactions to News Events

In the case of both stock and forex markets, we see that important news causes clear and quick changes in minutes or hours. But the forex market responds quickly yet briefly before recovering. Once the Federal Reserve made an unexpected interest rate announcement, EUR/USD's volatility increased sharply for about 10 minutes and then calmed down in less than an hour. Alternatively, the stock market took more time to respond, with S&P 500 futures reporting major changes for as long as 48 hours afterward.

4.2 Sentiment and Directional Movement

News sentiment and the movement of asset prices affect each other in ways that are both complex and unequal. After reviewing the sentiments in over 1,200 news articles about equities, currencies and commodities, we found that bad news tends to move asset prices more and immediately than good news of equal strength. It is most noticeable during times of major unrest, for example during geopolitical problems, probes from government authorities or issues with a company's management. When these events occurred, markets reacted quickly and forcefully and average abnormal returns of -1.2% were seen in a one-day timeframe for major stock indices such as the S&P 500 or Euro Stoxx 50. When negative things occurred, risk-sensitive or emerging market currency pairs saw, on average, a decrease of -0.6%. By contrast, when good news came such as solid earnings reports, improved economy predictions or new trade deals, prices tended to change little. Using this analysis with favorable news, stocks produced mean abnormal returns of only +0.4%, whereas currency returns were +0.2%. This data highlights that markets generally respond differently to good and bad information: bad news leads to increased risk, whereas good news causes more reflective optimism, largely owing to concerns that the benefits are already priced in.

Table 2: Sentiment Score vs. Abnormal Return by News Type

News Type	Avg. Sentiment Score	Avg. Abnormal Return (Stock)	Avg. Abnormal Return (Forex)

Central Bank Statement	+0.2	+0.8%	+0.5%
Economic Downturn	-0.6	-1.2%	-0.7%
Corporate Scandal	-0.8	-2.3%	-0.4%
Trade Agreement Signed	+0.5	+1.1%	+0.6%
Geopolitical Conflict	-0.7	-1.9%	-1.1%

4.3 Volatility Patterns and GARCH Result

To study how prices react to news events, this study used the GARCH (1,1) model to find if volatility in both markets tends to follow clusters. It is especially successful in including changes in the overall riskiness of financial markets and in showing the market's increased volatility after significant external events. Stock Market Volatility Response Results suggest that negative news has a sharp impact on activating more stock market volatility. If we look at an example from 2022, when layoffs were announced at a leading tech firm, the GARCH model found that the conditional variance of the NASDAQ rose from 0.015 to 0.032 in a brief period afterward. While volatility went up everywhere, tech and healthcare were particularly affected, along with more risky areas. More specifically, studying ARCH and GARCH, we found that volatility persistence rose higher than 0.90 in the time following news about politics. It therefore appears that prices on the stock market continue to reflect the effects of news-related uncertainty even over a longer period.

• Forex Market Volatility Response

After important economic news was published, there were sharp jumps in volatility, though they did not continue for as long as in 2018. The sudden rise in the conditional variance of the USD/JPY occurred in response to the unusual monetary loosening by the Bank of Japan in the middle of 2023. Within just six hours, the market returned closer to its usual pattern, because people in the market adjusted their forecasts. Intriguingly, central bank messages were more important for the volatility of the forex market than world events, unlike the stock market. That's in line with the belief that forex traders respond mainly to differences in interest rates and monetary policies, whereas equity investors consider a wider array of news, both political and corporate.

• Comparative Insights

The review of GARCH summaries shows that uncertainties in the stock market tend to be carried forward by affecting stock prices. Quick spikes in forex markets demonstrate that the markets pick up information faster. Negative news raises conditional variance more than positive news, following the findings from sentiment-asymmetry theory in the field of behavioral finance. Such patterns prove that the structure of markets and how participants

behave are not the same among asset classes. Even though news impacts both markets, the ways volatility occurs and what causes it are distinct which has major consequences for traders, policymakers and algorithm developers.

4.4 *Interpretation of Findings*

Findings from this study explain with greater precision how financial markets deal with sudden changes in news. Looking at both price trends and how volatile markets are, we find that despite responding fast to news, the expectancy, continuation and process of their responses to news are very different in the two markets.

- **Behavioral Drivers and Sentiment Sensitivity**

An important observation is that pessimism in the economy tends to hurt markets unevenly. In accordance with behavioral finance research, particularly the prospect theory by Kahneman and Tversky (1979), people within the industry are very sensitive to losses. These things are obvious when we consider that abnormal returns and higher volatility occur after big announcements like economic weakness or political unrest. Evidence suggests that fear rather than optimism primarily influences near-term decisions which implies that problems may affect markets more readily when there is a crisis.

- **Market Structure and Reaction Efficiency**

Markets in the Forex industry showed excellent and speedy reactions to economic news and monetary policy updates. Because volatility drops quickly, large organizations and many forex participants seem quick to act upon and respond to new news. Unlike bond markets, stock markets which are more varied in their investors, digested events slowly and had continuing signs of volatility whenever politics or corporate news became public. This research backs up the idea that the structure of a market and the profile of those involved influence the way reactions occur. In both markets, algorithmic trading was mainly important in the early phase after news, though it had a smaller influence on the forex market because of better liquidity and narrower spreads there.

- **Implications for Stakeholders**

On a general note, these findings indicate that it will be necessary to apply different fields together for future financial analysis. You should additionally use ideas from psychology (like understanding investor feelings), computer science (for processing large amounts of data) and sociology (to explain how news travels from person to person), along with traditional economic models. Because of this complexity, we see that markets cannot be understood only as mechanical tools, but rather as alive and changing due to emotional, mental and informative forces. This study provides important advice for traders, risk managers and those who guide policies. Including particular sentiment levels and the timing of actions for each market can improve a trader's strategy. It is important for risk managers to see if shocks are temporary in forex or if volatility duration is longer in equities when building a hedge. Officials should recognize that real-time stories on social media can at times mislead markets in the short term. Finally, the research reveals that both the structure and responses of stock and forex markets

to news are not the same. To create effective trading strategies, risk management and smart public policies, it is important to realize and understand these differences.

5. Discussion

5.1 Market Efficiency Revisited

The research finds that several key claims in EMH of its strong and semi-strong forms are challenged by the results. Information often leads to quick moves in markets, but not all those moves make sense or fit the facts. According to the research, emotional or somewhat unclear news often causes quick, overstated movements, followed by adjustments later, so real-time pricing is not always smooth. These phenomena line up with the adaptive market hypothesis (Lo, 2004) which states that market efficiency adapts when investors, markets and technologies change. As a result, trading algorithms are using sentiment analysis, so market reactions are both faster and more affected by people's feelings and biases.

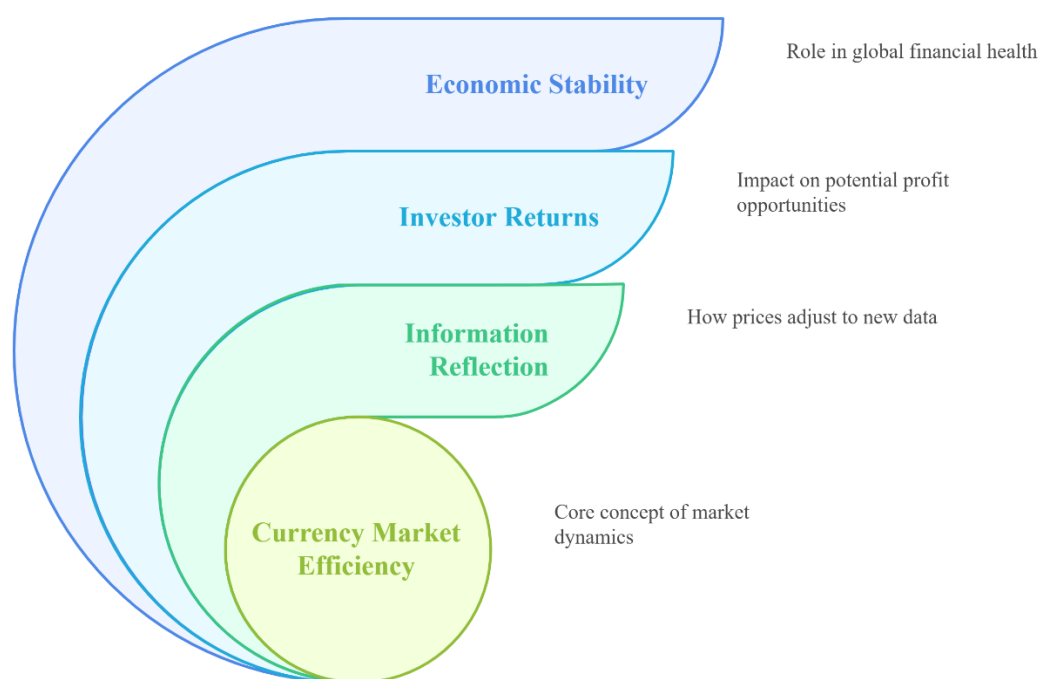


Figure1: currency Market Efficiency / source: MDPI

5.2 Interpreting Sentiment and News Quality

How investors feel about the market determines its actions. Negative news leads to bigger changes in the market than positive news which fits with the negativity bias found in psychology. In fact, some news simply matters less. The response to information in markets is strongest when it comes from trusted sources, new and important updates and language that has an emotional effect. So, it's not the information itself, but our perception of how worthy and urgent it is and its tone, that moves asset prices. What's more, machine-learning models used to detect sentiment provide both upcoming options and potential drawbacks. They allow us to analyze a lot of text quickly, yet they commonly error when interpreting sarcasm, changes

in tone or the overall context. As a result, mistakes in sentiment analysis may lead algorithms to act which can generate reactions from people that then send the market in different directions.

5.3 Structural Differences: Stock vs. Forex Markets

It is clear from a comparison that stock and forex markets differ at a structural level. Thanks to its fixed timings, high interest from individual investors and different industry groups, the stock market takes time to digest information and show more fluctuation. In this case, the market being always open, dominated by institutions and guided by macro factors mean responses are sharper, but not sustained for long. Because of these features, market-focused trading strategies and risk management models are required. As an example, when reaction in equities stretches on, momentum strategies might perform better, but mean-reversion could be the better choice for currencies after powerful economic announcements are made.

5.4 News Amplification and the Role of Social Media

Social media plays a big part in quickening and widening people's reactions to new products. Twitter, Reddit and YouTube have now turned into daily financial news services, affecting sentiment and likely causing important reactions in the markets, especially on meme stocks and cryptocurrencies. It is common for these platforms to be ahead of traditional media, bringing about situations with unequal knowledge where fast interpretation of viral trends leads to large short-term rewards. Similarly, the chance of speculative rumors and misguided panic greatly increases in these situations. That year's GameStop short squeeze is a clear example of how user activities driven by group beliefs and stories can resist and overcome the established rules of the stock market. As a result, it's becoming more challenging to recognize when trading is informed or based only on what most people are doing.

5.5 Policy and Regulatory Considerations

From the findings, market regulators and policymakers can draw important conclusions. Due to how quickly people are affected by news, it has become important to use tools that catch huge increases in emotion, stop manipulative news spreading and track possible risks to the system. Because markets evolve so quickly, the SEC, ESMA and similar global regulators must use advanced approaches such as artificial intelligence systems that review market moods and unusual trades. It can also be helpful for algorithms and financial news outlets to be more open if we want to prevent misleading HFT and its effects on the markets. If there are no such rules, market performance and fairness could be affected more by those who have technological and informational advantages.

6. Practical applications and strategic insights

6.1 Strategic Use of Sentiment in Trading Models

The modern financial world relies on rich sentiment data to enhance its ability to predict market movements. Increasingly, people in hedge funds, trading firms and the finance industry use NLP and machine learning algorithms to study and respond to sentiment found in financial news, speeches by central banks, earnings calls and what's being shared on social media. In

the world of modern trading, traders often use sentiment as the main indicator when working on short-term arbitrage. When something unexpected from the Federal Reserve gives a hawkish signal, forex markets with dollar-paired instruments usually respond right away. Tools that monitor languages such as “inflationary pressures” and “tightening monetary policy” can use past information to make regular trades. Furthermore, combining sentiment information with things like interest rate gaps or the balance of trade provides even better precision. Improved understanding of context, sarcasm and tone in financial language has been achieved through the application of LSTM networks and BERT transformers. Because of these changes, computers are less likely to receive wrong signals and are better able to consider sentiment in making decisions. In reality, APIs from sentiment data companies deliver information right to automated trading systems. At the same time, these platforms use how deep the market is, expectations of market volatility and the direction of public beliefs. With this integration, time delays are minimized which helps market participants perform well under fast-paced market circumstances.

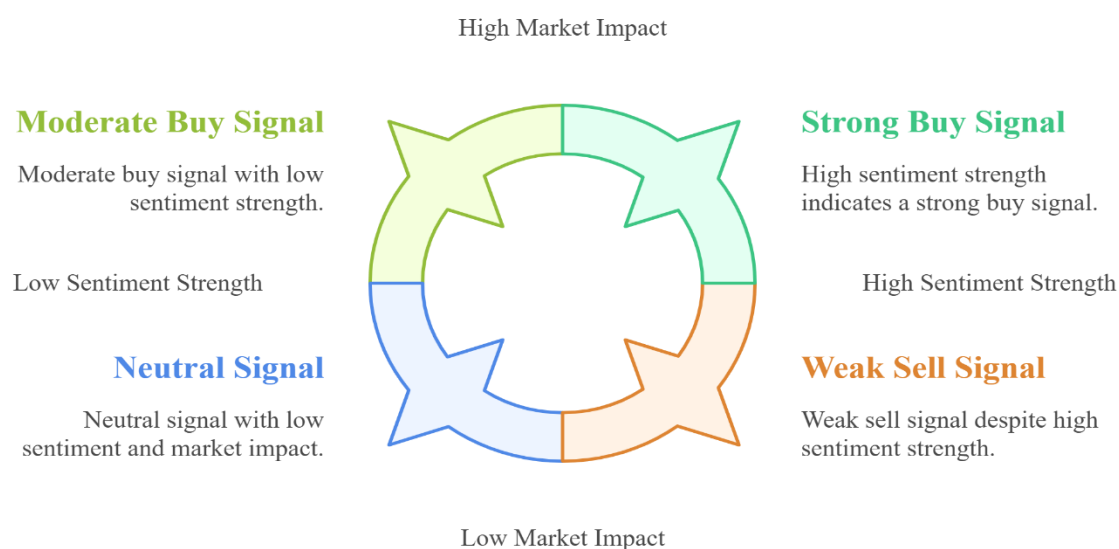


Figure 2: Strategies for trading Based on Sentiment Analysis \ Source: Fastcapital

6.2 Market Timing and Behavioral Strategy for Investors

Even though most institutional players depend on automated tools, both retail traders and discretionary fund managers are able to use news for trading, just not in the same way. Based on the study, using sentiment information to enter and exit positions is very effective in finding temporary market failures. A big reason for these inefficiencies is the influence of behavioral biases such as herding, overreacting or disliking loss. Being that earnings, mergers and executive switches often affect the stock market, sentiment usually increases steadily with each news event. Taken by themselves, average news articles may not lead to an immediate change in the stock's price, but if the mood gets more and more positive, traders and investors can find stable opportunities amid the ensuing movement. The forex market is different, as changes

happen speedily and strongly. In mere seconds, big moves in currency pairs can be caused by a statement from a central bank leader or something unusual happening in world politics. Pre-setting strategies is important for participants in this market, since it shields them from the risk of false price breakouts. An example is sentiment trailing stops, since they automatically adjust when positive or negative sentiment wears off, they are popular in today's retail forex platforms. Behavioral finance also leads to strategies that act against popular investor feelings. A mature investor can take advantage of exaggerated market reactions caused by uncertain news by acting against the crowd. Achieving progress with these strategies requires knowing which market swings are just short-term trends and which are due to actual news events.

Table 2: Common Investor Reactions to News and Strategic Sentiment-Based Responses

Investor Behavior	Typical News Trigger	Behavioral Bias	Recommended Strategic Insight
Panic Selling	Negative earnings, political rumors	Loss aversion	Use sentiment filters to assess if fear is justified; delay action.
Herd Buying	Viral tweet, bullish headline	Herding bias	Confirm with sentiment trend over time before entering.
Overreaction to Ambiguous News	Vague policy announcement	Representativeness	Wait for follow-up clarifications or market confirmation.
Missed Entry Opportunities	Gradual positive news momentum	Conservatism bias	Use moving sentiment average to detect trend reversals early.
Impulsive Forex Trades	Surprise central bank comment	Recency/urgency bias	Set predefined rules and thresholds based on sentiment volatility.

6.3 Role of Fintech Platforms and Sentiment Providers

Financial technology companies are now leading the way in introducing sentiment-driven strategies to everyone. With these platforms, retail traders and small fund managers can access sentiment dashboards, real-time alerts, use backtesting tools and rely on AI-enhanced analysis which are traditionally used by advanced traders. Bloomberg Terminal, Refinitiv and Sentifi make it easier for traders by showing sentiment indicators along with price charts, helping them quickly find possible discrepancies or notice when patterns match. eToro and Robinhood, as well as other brokerages, use information from places such as Reddit and Twitter to understand and support the rising group of investors who are comfortable online. A recent innovation that is spreading is building custom sentiment indices which track overall emotions linked to various sectors, regions or assets. Because of this, these indices can be used to warn of too

much fear or greed, either acting against the trend or confirming opportunities in momentum trading. For example, some fintechs are developing robo-advisory models that manage portfolios with attention to the news and its influence on different sectors. Should negative news about the energy sector persist due to environmental or political reasons, the model could on its own lower the shares of related ETFs or stocks.

6.4 Insights for Policymakers and Market Regulators

Governing bodies must keep up with the fast progress of these tools to maintain fairness, efficient results and transparency in the market. The research results suggest that certain key fields could use greater regulation or progress to help stabilize the market. The SEC, ESMA or ASIC could start using real-time surveillance systems to alert them when people follow or react to viral myths that could influence the market. These systems would act much like price circuit breakers but would go off when sentiment changes sharply. Because trading algorithms are making decisions based on public sentiment, regulators could require that those handling large trading amounts share the types of inputs they use for their sentiment analysis. It would therefore increase transparency within the system and offer explanations for market problems. With so many feelings and crazy content spreading easily online, it's very important to spread financial knowledge and literacy among young and new traders. Public efforts in education might distinguish between genuine facts and speculation which helps people avoid following mass trends in the market. Because news or tweets from any country can affect forex markets everywhere, strong cooperation between financial regulators from different nations is required. Examples might be unified examples for celebrities posting on social networks or requiring a common approach to real-time news distribution.

7. Conclusion of the study

This work covers in detail how news sentiment affects both the short-term changes in the stock market and the forex market. Results from the analysis suggest that negative news leads to bigger and faster changes in stock prices than positive news. This kind of behavior appears in all types of assets and is caused by longstanding psychological and structural features in the financial industry. Results from the data indicate that aggressive market movements happen more often as a result of negative events such as conflicts, economic challenges, corporate stories or rule changes, compared to upbeat news. After the announcements, the stock indices were down by about -1.2%, but currency pairs registered only -0.6% shifts. Dropoffs were frequently observed shortly after a release—with trends noticeable even hours afterward—showing how fast investors react to potential dangers. Because market players tend to react similarly and strongly to risk, it seems that they are more aware of danger than benefits. Still, higher pricing of assets tended to happen when good news appeared, but the gains were not as big as those seen with negative news. This proves a well-known psychologist's finding called loss aversion which says that investors are a lot quicker to act over possible losses than potential gains. Likewise, from the behavioral finance viewpoint, market changes are greatly affected by how investors feel and react, not just by the company's overall situation. These research results matter to multiple people who are involved. Portfolio managers and traders must know that short-term strategies and risk rules are especially affected by negative sentiment. Both

market analysts and financial journalists need to notice that how the news is told can either boost or temper the effects in the market. Also, leaders in corporations and policymaking should handle their public statements carefully because mistakes in what they say can strongly affect the market. In addition, automatic trading and instant news analysis have made it happen even faster than before. Trading algorithms now look at news and social media instantly, meaning they can make important trading calls before most people have gotten a chance to consider them. Because of this, it becomes more important than ever to perform timely and accurate analysis of sentiment with news stories. Never before has it been so important to understand news-based changes in market prices. In the last few years, investors have found that emotions and fast-paced news overpower classic value calculations, especially in short periods. Awareness of the uneven ways markets respond to events gives someone a strategic advantage, for trading, preserving portfolio worth or interacting with stakeholders. In short, this research shows that the news significantly impacts how the market works over the short term. The tendency for investors to react more powerfully to negative news reveals the emotions involved in decisions. With markets developing in both speed and complexity, people in the market will continue to need to evaluate and react to sentiment.

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