Coding Large Daily Financial Market Moves

Data Construction Guide

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Last Edited on 04/03/2021
Overview

This Guide explains how we characterize the proximate triggers of large daily moves (“jumps”) in national equity markets, government bond markets, and currency markets.

- We use next-day newspaper articles as source material to characterize the jumps (or same-evening articles in some cases in the internet era).
- The objective is to accurately characterize and code the journalist’s explanation and interpretation of the jump.
- This Guide first reviews our process for finding suitable next-day Wall Street Journal articles in ProQuest. It then considers the process for other newspapers.
- Most of this Guide explains the criteria and methods we use to code the explanation and interpretation of the jump offered in the next-day newspaper article.
Basic process (for the Wall Street Journal)

Variations for other newspapers, countries & periods

Category definitions and example articles

Coding FAQs
Step 1: Get to the Proquest Page

- Go To: http://libguides.stanford.edu/az.php?a=p
- Click on “Proquest Historical Annual Reports”
Step 1: Get to the Proquest Page, cont

- Click on the Proquest icon
Step 2: Choose the publication

• Click “Publications” among the tabs above the search bar
Step 3: Search for publication
### Step 4: Choose publication

#### For post-1984 articles

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<td>Place of publication:</td>
<td>New York, N.Y.</td>
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</tbody>
</table>
Step 5: Search within publication

- Click “Advanced Search”
Step 6: Enter the Search Criteria

- The appropriate search terms depends on the asset class
  - To enter multiple search terms, use the “OR” operator
- Foreign Exchange: “dollar” (or the currency of interest), “exchange rate”

- The figure below shows how you would enter the bond market search terms on Proquest:
Step 6: Enter Search Criteria, cont

- Set date range to “On this date…” and enter the day after the jump date in the drop down boxes

- Click “search”
Basic process

**Article selection procedure**

Variations for different newspapers and periods

Category definitions and example articles

Coding FAQs
Selecting an Article

- After completing Steps 1-6, you will be presented with a list of articles
- This sub-section outlines the procedure for selecting articles from this list to code
Basic Procedure

Starting from the first article given, read the first article that:
• Has the Search terms in the title, and/or
• Has relevant terms in the title/summary, and/or
• Mentions the percentage rise or fall in the index in the title, and/or
• Mentions the previous day’s index action

In this case any of the three is likely a good article. Read the first and if you are still unsure, move on to the second.
In other cases you may have to search further down to find a good article. Here, article #8 seems to talk about stocks and stock markets, but doesn’t really mention the previous day’s movement, while #13 clearly declares what happened, and can be expected to give a better explanation in the article.
Basic Procedure, Examples

These articles are both good because they tell us what happened on the stock market, and even say why, or hint at why the movement occurred.

This looks like it might be helpful, but it’s actually a summary column that contains a list of the averages every week, rather than an actual article about the market movement.
When the Basic Procedure Fails

If none of the search terms, index terms, mention of the rise or fall, or mention of the previous day’s market action appear, then:

– Read the summaries/abstracts
  • Example: “What’s News” column in the WSJ
  • Example: “Morning MarketBeat” blog published in online edition of WSJ
– If you still can’t find a suitable article, then enter “No Article Found” in the Main Category field of the template.
  • Especially in recent decades, it’s rarely the case that there is no suitable article in the WSJ.
Articles to Avoid (if possible)

- Avoid summaries, abstracts, digests, etc. (articles <300 words)
- Avoid articles that talk exclusively about futures markets (e.g., futures on the S&P 500 futures). It’s fine to use an article that mentions futures markets, if it also describes what happened in the underlying market itself on the jump date.
- Avoid articles that are exclusively published in the online edition of the paper (ex. Morning MarketBeat blog published on WSJ online)
  - If there are no other articles available, and these articles contain some information about the jump, it is better to use these articles than to leave the coding as “No Article Found”
Summary Article Example

Dow Rises, But October Was Brutal


With one trading day left in October, the month is shaping up to be among the worst and most volatile in stock-market history.

The market rose Thursday despite government data that showed the economy had shrunk for the first time in seven years, but it remains down 15.4% for the month, as measured by the Dow Jones Industrial Average. That would make October the 11th-worst month in history and the worst in 21 years.

The credit crisis and worsening economy has led to wild price swings during the month. The average daily range from low to high has been 605.51 points. The index hasn't had two consecutive daily gains all month, and it has had 16 down days, the most since August 1973, during a grinding bear market.

The market had a relatively benign day Thursday, with the Dow industrials rising 189.73 points, or 2.1%, to close at 9180.69. A rally that began in Asia and continued in Europe pulled the market higher as officials around the world took further steps to stabilize the ailing global financial system.

This is a poor article, as it mostly summarizes what happened in October.

In the 4th paragraph, it explains that the Thursday move was the result of moves to “stabilize the ailing global financial system”, which is vague.

Good articles focus mainly on the previous day’s move, although they may also contain remarks about market behavior in the preceding days, weeks or months. Do not use articles that contain no information about the reason for the market move on the jump-day itself.

*Keep in mind that we are coding journalist interpretations of one-day jumps. We are NOT coding journalist interpretations of market moves over longer periods of time.*
Article Timing

• If the jump date is a Friday or Saturday, you may need to check Monday’s paper for a “next-day” article.

• The dissemination speed of newspaper articles has changed over time:
  – Historically, news about a market move would be published in the next day’s newspaper.
  – From the early to mid 2000’s, the rise of online content led to the publication of same-day articles.
    • Articles first published online the evening of the jump date (after the market close) can provide a suitable basis for coding.
    • Articles published on the same date before the close are not suitable.
**Same-Day Article Example**

**Stocks Get a September Pop**
Dow Jumps 254.75 as Historically Turbulent Month Has Best Opening Since ’98

*By Jonathan Cheng*
Updated Sept. 1, 2010 11:16 p.m. ET

- This is an article describing the jump on 9/1/2010 – note that it was released the same day, but after the market closed at 11:16 PM (Trading Hours are 9:30-4:00 EST)
- When using same day articles, double check that they are referring to the jump of interest. You can do this by comparing the size of the S&P 500 move in the coding template to the size of the market move described in the article. When they differ by a lot, it likely means that you have not identified an article about the market move on the correct date.
Same-Day Articles about Stock Market Jumps

- Avoid articles published before the stock market closes on the jump date in question.
  - US stock markets typically close at 4pm Eastern Time.
  - Online newspaper articles are often published while the market is open, e.g., to discuss the market’s reaction to an economic report or new development. These articles are unsuitable for coding the jump, because they are written before the market closes.
  - Articles posted online after the market closes (e.g., in the evening) are candidates for coding the jump that occurred on that date.
  - When coding equity market jumps for other countries, find out when the market close before you start selecting articles.
Article Timing for Jumps in Bond and FX Markets

To identify jumps in bond and currency markets, we measure yields and rates at a specific point in time on each date:

- 4:00pm Eastern Time for the exchange rate between the U.S. Dollar and the Great British Pound.
- 4:30pm London Time for the U.K. 10-year bond rate.
- Keep these times in mind when selecting articles to code bond and currency market jumps. For example, if you are coding a jump in 10-year US Treasuries on January 10, seek articles published online in the evening of January 10 or, in the-pre internet era, the morning of January 11.

Details: All exchange rate series from Global Financial Data (GFD) are computed at 4:00pm Eastern Time. All Federal Reserve Economic Data (FRED) series are computed at 4:15pm Eastern Time, we use FRED for the U.S. Treasury Bond yields and the trade-weighted U.S. dollar index (DTWEXM). All UK bond and stock series from GFD at computed at London Close, 4:30pm London Time.
Jump Thresholds for Bonds and Exchange Rates

• The jump threshold for 10-Year U.S. and U.K. Government Bonds is a $|\text{relative yield change}| > 0.04$ OR $|\text{yield change}| > 20$ basis points
  – For example, a move from 3% to 3.2% is a 20 basis point increase

• The jump threshold for the U.S. Trade-Weighted Exchange Rate and the USD-GBP Exchange Rate is a $|\text{relative change}| > 0.015$
Consulting Multiple Articles

- Sometimes the first article you read about a particular jump may not provide enough information to code the jump.

Consult another article:
- When the first article is not really about the jump in question.
- When it offers no explanation for the jump. **Note:** explicitly saying that no one knows what caused the jump, or that the cause is uncertain, *is* a sufficient basis for coding the jump. In such cases, code the Primary category as “Unknown or No Explanation Offered.”
- When the first article is vague on details that are important for distinguishing between jump categories.
Consulting Multiple Articles (continued)

Do not conflate two separate articles in the codings you enter into the Excel spreadsheet. Instead, the codings you enter should always be based on a single article. If you cannot decide which of two articles provides the best basis for coding a particular jump, then code each article separately in two separate records.

The next slides provide examples where consulting a second article is useful for coding a given jump.
The journalist asserts that the Treasury Department’s plan was what moved the stock market, but does not explain whether the new plan involves an injection of government funds (which would be coded as Government Spending) or the shifting of losses to private-sector creditors (which would be coded as Other Policy).

After reading this article, and seeing the vague description of the Treasury Plan was, it's appropriate to consult a second article.
Consulting Second Article: Example 1


Stocks Climb on Geithner Plan

By By Rosalind Mathieson Wei-Zhe Tan and V. Phani Kumar
Updated March 24, 2009 3:01 p.m. ET

Mr. Geithner was due to unveil details at 8:45 a.m. Eastern Time for a new investment fund to buy mortgage-related securities and other assets weighing down bank balance sheets.

He told the Wall Street Journal the Public Private Investment Program envisioned the creation of a series of public-private investments to soak up $500 billion, and maybe as much as $1 trillion, in troubled loans and securities. To encourage investors to buy those assets, the government would offer lucrative subsidies and shoulder much of the risk.

This is a second article from the Wall Street Journal discussing the details behind the Treasury Plan to remove toxic assets from banks balance sheets. It explains that the government would “offer lucrative subsides and shoulder much of the risk, which would confirm the category as Government Spending.

In this example, Article 2 provides a good basis for coding the jump.
Consulting Second Article: Example 2

- The first article consult for the jump on 6/29/2010 is mostly a description of what happened. The journalist makes no claim on what caused the jump.

Volatility returned to global financial markets with a vengeance in the second quarter, sending investors fleeing from stocks world-wide and driving them into defensive investments, especially U.S. Treasurys and gold.

- A second article explicitly links the move to the disappointing consumer confidence numbers. So, the right approach is to use the second article to code the Primary Category as Macroeconomic News & Outlook.

Markets were already weaker in Asian and European trading, and got an additional knock early in the U.S. trading day from a dismal reading of consumer confidence. This fanned
Storing Articles

• If you consult multiple articles, make sure you store all of them.
• Use the naming convention YYYY_MM_DD_a1, YYYY_MM_DD_a2, etc.
• Each coding should correspond to exactly one article
• Make sure you copy the title exactly as you find it in the article (no abbreviations, no partial titles, etc.)
What to do if unsure about which article to code?

• If you are unsure about the suitability of a particular article, or which among multiple articles to select, consult Jana, Marco, Scott, Steve or Nick for advice.

• Do not consult other coders, because we don’t want coders to collaborate in the selection of articles.
Basic process (for the Wall Street Journal)

Variations for different newspapers and periods

Category definitions and example articles

Coding FAQs
Financial Times (For US-UK Exchange Rates) – Post 1998

Go to the Jackson Library Database page
(http://libguides.stanford.edu/business-databases)

Updated Link: http://libguides.stanford.edu/az.php

*Business Databases, A-Z*
Financial Times (For US-UK Exchange Rates)

Go to Access World News

*Business Databases, A-Z*

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<tr>
<td>Full-text business/management articles.</td>
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<tr>
<td>Access World News</td>
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<td>Provides full-text news from U.S. and international sources. Also known as NewsBank Access World News.</td>
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<td>Advertising expenditures across various media.</td>
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<td>Alliance for Audited Media</td>
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Related

- Restricted Sources - Inquire login info at i-Desk of Business Library.
- Excel Download in Databases
- Financial Databases Comparison
- Citation Tools Comparison
- How to Create Durable Article Links

Ask Us

For Stanford community and Stanford GSB alumni
9am-5pm PST weekdays

Chat With Us
Financial Times (For US-UK Exchange Rates)

Find your way through:
- Europe/UK
- UK
- England
- National

Locations: The World - Selected Source Types
Excluding magazines
- Africa (121 sources)
- Asia (170 sources)
- Australia/Oceania (276 sources)
- Europe/UK (523 sources)
- Middle East (146 sources)
- North America (3488 sources)
- South America (25 sources)
Financial Times (For US-UK Exchange Rates)

Select the Financial Times

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<td>01/01/1998-Cu</td>
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Financial Times (For US-UK Exchange Rates)

Enter search terms and date
Financial Times (For US-UK Exchange Rates) – Pre 1998

Go to the Jackson Library Database page
(http://libguides.stanford.edu/business-databases)
Financial Times (For US-UK Exchange Rates) – Pre 1998

Updated Link:
Enter in search terms and date
Basic process (for the Wall Street Journal)

Variations for different newspapers and periods

Category definitions and example articles

Coding FAQs
# Categorizing the Jumps

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<th>Non-Policy Categories</th>
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<td>Taxes</td>
<td>Corporate earnings &amp; outlook</td>
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<td>Other non-policy (specify)</td>
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<td>Other policy (specify)</td>
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The next few dozen slides provide category definitions and coding instruction, along with example of how to code the categories for actual news articles.
Macroeconomic News and Outlook

News relating to macroeconomic conditions, forecasts or reports such as inflation, housing prices, unemployment, employment, personal income, industrial production, manufacturing activity, etc. Also included are the following:

- News about credit conditions and financial crisis developments that does not fall into another category such as Monetary Policy and Central Banking.
- News about trade matters (trade surplus/deficit) and exchange rates NOT due to policy developments.
- Articles that attribute stock market moves to a shift in sentiment about the macroeconomic environment, even when the article does not point to a specific piece of news about the macroeconomic outlook.
The Primary Category is Macroeconomic News and Outlook, because the article claims that rising interest rates “helped send the stock market…”, and there is no mention of a monetary policy action that triggered the rise in rates. Journalist Confidence is High, because the article asserts clearly and without qualification that rising rates helped send the market lower.
Macroeconomic News and Outlook 2
11/07/2008  +2.90%

THE WALL STREET JOURNAL.
Dow Rallies By 248.02, But Declines 4.1% on Week

Abstract (summary)  Translate

Full Text  Translate

Stocks brushed aside a grim employment report and more bad news about the auto industry to recover some of their losses over the previous two days.

The Dow Jones Industrial Average rose 248.02 points Friday, or 2.85%, to 8943.81. But losses Wednesday and Thursday left blue-chip average down 4.09% for the week.

On Friday, employment data for October showed a larger-than-expected decline in nonfarm payrolls, the 10th straight monthly drop, and an increase in the unemployment rate to 6.5%. Many traders expected worse, which was reflected in the earlier declines and left room for gains once the report was released.

Although 28 of the 30 Dow components rose, General Motors fell more than 9% after it reported a bigger-than-expected third-quarter loss and said its cash levels will probably fall well below what is needed early next year.

Investors remain concerned that the economy’s underlying problems will linger well into 2009. Daily trading volume during the past week has been lighter than the average in October, indicating that some investors remain uncertain about the direction of the market.

"It will take until January or February, at least, before we have a clearer picture of where the economy is headed," said Don Bright, a partner at Bright Trading in Chicago.

The Standard & Poor’s 500-stock index rose 2.9% Friday to 930.74, down 3.9% on the week. Both the Dow and the S&P lost a combined 10% on Wednesday and Thursday after an Election Day rally Tuesday.

The Primary Category is Macroeconomic News & Outlook, because the article says the market rose on Friday in response to an employment report that – though bad - - was better than expected. Journalist Confidence is Medium, because the article begins by explaining what should have pushed the market in the other direction. Ease of Coding is Easy.
The Primary Category is Macroeconomic News & Outlook, because the article claims that the reason for the market drop was fears of a double-dip recession. Journalist Confidence is High, because the article clearly declares that the fear of recession was the cause for the move. Ease of Coding is Easy.
The Primary Category is Macroeconomic News & Outlook, because the article suggests that new evidence about consumer spending is the reason for the drop in equities. However, it does not explicitly state that news about consumer spending is the reason for the drop. Instead, it says “amid new evidence” and “after the Commerce Department reported…” This phraseology indicates that Journalist Confidence is Medium. Ease of Coding is Easy.
Macroeconomic News and Outlook 5
05/13/2009  -4.48%

Iseq sheds almost 5% on 'pretty grim' trading day


WHILE DIRECTORS of AIB may have been having a day they'd like to forget at the company's annual general meeting (agm) in Dublin, it was a similar day at the city's stock exchange.

In a day that one trader described as "pretty grim" throughout the Iseq index losing 117.06, or 4.48 per cent, to close at 2,493.68.

AIB directors felt the wrath of shareholders in Ballsbridge but the bank's share price was far from the worst performing financial in Dublin. That dubious honour went to Irish Life & Permanent which was off 19.4 per cent to close on [euro]2.20. Bank of Ireland was down below [euro]1.00 at the close, shedding 18.7 per cent of its value to finish at [euro]0.95. AIB did not escape unscathed and was down 14.44 per cent to [euro]0.877.

Traders said that investors were exiting cyclical stocks, which see a fall in revenue during a recession, in favour of defensive ones and as a result the Irish financials fell out of favour. One broker noted that international hedge funds, which had been buying into the banks in recent weeks, were absent from the market.

The souring of sentiment towards cyclicals hit the construction sector. Building supplies group Kingspan was down more than 10 per cent to [euro]3.85, in advance of this morning's agm and release of a trading statement. DIY player Grafton was down 9.75 per cent to [euro]2.50, while market heavyweight CRH fell 3.75 per cent to [euro]16.95.

Europe's largest supplier of insulation and roofing materials, SIG, had earlier said like for like revenue so far this year fell 18 per cent on a constant currency basis.

One of the bright spots was cider maker C&C which traded up 1 cent to [euro]1.95. Brokers said the company's "story is gaining traction" and a road show by its new management team was helping to spread the word.
Stocks Plunge in Quiet Trading; Weakness in the Dollar Is Blamed

By Kevin G. Salwen

The Dow Jones Industrial Average fell 56.70 to 1942.97 as volume resumed the holiday pace of last Thursday. A total of 131.2 million shares changed hands, up from Thursday's 108.8 million. Losers broadly outpaced winners, 1,392 to 293.

The volume figures were skewed by trading in Southern California Edison stock. The utility accounted for more than 10% of the New York Stock Exchange composite volume as many investors moved to capture the company's rich dividend. The stock closed at 30 1/2, down 1/4, on volume of more than 13 million shares.

Overall, the dollar was the story. "It looks like the dollar caught up with the stock market," said Marshall Acuff, portfolio strategist at Smith Barney, Harris Upham & Co., New York. "The urge to take profits probably has existed among traders and portfolio managers and the dollar's weakness probably has provided the trigger for them."

Mr. Sandor agreed with Mr. Johnson's assessment of investor nervousness. "I don't like the market here," he said. "I feel we have some tough sledding."

Mr. Sandor asserted that investors are looking to Washington for help with the budget and trade deficits. "There's nothing interesting (in the market) other than the fact that we have a budget process that's paralyzed and a dollar that continues to get hit," he said. "All the other stuff is like getting on a scale and taking off your tie because you're trying to shed some weight."

But Smith Barney's Mr. Acuff remained more optimistic. "We're sort of getting a breather," he contended. "Technically speaking, the reaction we see in the market right now is right what the doctor ordered. I would say this rally's not over."

Mr. Acuff added that the surge in stock prices over the past three weeks encouraged some profit-taking. "I wouldn't be surprised to see some weakness early in the year and see a rally before the end of January," he said, adding that he expects improved trade deficit numbers to bolster that upward move.

First Albany's Mr. Johnson also expects an early-year rally, possibly taking the Dow Jones industrial index as high as 2100. "But the outlook for 1988 remains not only uncertain but I'd say negative," he said. "The trend should be downward from 2100 for at least the first half of 1988 to at least..."
Yahoo leads Wall Street rally - Financial Times [30 Day Embargo]


Stocks rallied on Wednesday, reversing some of the losses from heavy selling on Friday and Tuesday, which saw the S&P 500 off as much as 5 per cent for the month.

Yahoo gained 6.3 per cent as investors greeted the dismissal of Chief Executive Carol Bartz. At $13.72, shares are trading near their level when Ms Bartz was appointed in late 2008.

"Yahoo's Board has generally been viewed as slow moving and more passive; any kind of shake-up here will suggest greater interest in value creation," said Doug Anmuth, internet analyst at JPMorgan, in a note to explain the share price move.

Financial stocks in the S&P 500 rallied 1.8 per cent, paring some of Tuesday's losses. Bank of America rose 3.2 per cent to $7.21 after a reshuffle of senior management at the much scrutinised bank.

The S&P 500 rose 1.4 per cent to 1,181.05, the Dow Jones Industrial Average rose 1.2 per cent to 11,274.39 and the Nasdaq Composite index put on 1.6 per cent to 2,512.69.

The rally appeared to be driven by positive sentiment about global growth, with highly cyclical semiconductor stocks performing strongly.

Nvidia was the top gainer in the S&P 500, up 9.7 per cent at $14.46 after the company forecast positive quarterly earnings on increasing sales to mobile phone manufacturers.
Recession Worry Seizes the Day and Dow --- Blue Chips Slide 250.89 Points, or 3.4%, to 7114.78 as Investors Shun Every Market Sector


Worries about the effects of a deepening recession sent stocks to early-1997 levels, as concerns about the health of big banks continued to spread to other sectors.

The Dow Jones Industrial Average fell 250.89 points, or 3.4%, to 7114.78, its lowest close since May 7, 1997. It rallied briefly at the open on news that the government is in discussions to take a large stake in Citigroup, before heading down steadily.

By afternoon, the Dow had broken its low of Oct. 27, 1997, known as Bloody Monday, when its 7.2% drop was fueled by an economic crisis in Asia.

This time it was the U.S. economy that worried investors. Technology stocks fell after Morgan Stanley analysts said in a report that unit sales of personal computers could fall 11% this year, the biggest decline on record, and revenue in the global market could decline 24%. Other economically sensitive sectors, such as basic materials shares and energy, also fell.

"There's no conviction in any section of the marketplace," said Gordon Charlop, managing director at Rosenblatt Securities. "There's just nobody who has an interest in jumping in and sustaining any level -- no support."

Of the Dow's 30 components, 27 ended in the red. The only exceptions were Citi, which rose 9.7% to $2.14 a share, and Bank of America, which managed a 3.2% gain to end at $3.91. General Motors ended unchanged, at $1.77.

International Business Machines, the highest-price stock in the price-weighted Dow, fell 5%. Alcoa was the Dow's biggest decliner in percentage terms, down 7.6%.
**Wall St. soars in heavy trading**

Author: PAUL BETTS | Page: 1
236 Words

THE New York stock market yesterday put on one of the best rallies on record, sending the Dow Jones Industrial Average 37.07 points higher for the second biggest one-day gain in the blue-chip index's history.

The average closed at 944.26, its highest level in more than a year as volume, after the recent lacklustre sessions, surged again yesterday with 93.9m shares traded.

The market attributed the surprisingly strong rally to general sentiment that interest rates were again heading lower. After the disappointing money supply figures released last Friday, the market has been watching with trepidation for any sign of Fed tightening.

Although yesterday marked the end of the bank settlement week which traditionally distorts the short-term interbank funds market, Fed Funds traded in a 9 to 9 1/2 per cent range despite central bank intervention to drain reserves from the market.

This, coupled with some particularly strong market leadership from IBM - which gained more than three points yesterday - sent stocks surging.

The stock market was also boosted by a recovery in the bond market with long issues advancing 1 to 1 1/2 points despite the credit market's continuing concern about the money supply figures.

The dollar also rallied strongly in afternoon trading in New York, more than recovering all the ground it had lost the previous day. Against the D-Mark, the dollar closed at DM 2.559, at Dollars 1.68625 against sterling, and advanced again against the Yen, to Y275.5.
Government Spending

News reports, forecasts, or concerns about government spending and its consequences, including spending matters related to stimulus programs, publicly funded pensions, social security, health care, etc.
The Primary Category for this article is Government Spending, because the first reason listed for the stock market plunge is the rejection of the government’s bailout plan. The bailout plan itself involves the government spending money to help the economy, and even though it is a rejection of the plan, it is still coded as Government Spending. Journalist Confidence is High. Ease of Coding is Easy.
The Primary Category for this article is Government Spending because it mentions government plans to inject funding into the economy. It receives a Medium or Low coding for Journalist Confidence, because there is only a small reference to the plan actually being the cause of the shift. Ease of Coding is Easy.
Government Spending 3
3/23/2009  +7.03%

The Primary Category for this article is Government Spending, because the “plan to clean up the nation’s banks” involves the government spending money to buy the troubled assets. It emphatically states that the government is planning to buy up troubled assets from banks, so the Journalist Confidence is High. Ease of Coding is Easy.
Government Spending 4
9/19/2008  +4.02%

The Primary Category is Government Spending, because the article attributes the rally to a “financial rescue plan” and later spells out that part of the plan involves the government lifting “the financial sector by taking on bad debts held by troubled banks.”

Journalist Confidence is Medium, because the author writes “as the government …” not because ”the government …” The Secondary Category is Monetary Policy and Central Banking, because another part of the plan involves “propping up money-market funds,” which is an “extraordinary action by the monetary authority in response to bank runs, systemic financial crisis …” See the definition of MP and Central Banking. Ease of Coding is Easy.
The Primary Category is Government Spending since the primary stated reason for the jump is the International Monetary Fund’s loan deal for Brazil, which eased concerns that Brazil would default on its loans. Secondary Category is Macroeconomic News & Outlook because the data showed surprise fall in the producer price index and in weekly jobless claims. Journalist Confidence is High. Ease of Coding is Medium.
Taxes

News reports, concerns or events related to current, planned, or potential tax changes (e.g., income tax hikes, payroll tax cuts, corporate tax reform, sales tax change, etc.) and their consequences.
The stock market continued to surge yesterday, capping an exhilarating week in which both prices and trading volume reach record levels.

The Dow Jones industrial average climbed a further 30.72 points, finishing the trading session at 869.26. For the week, the blue-chip average was up 81.24 points. Trading volume for the day was 95.9 million shares, bringing the week’s volume on the New York Stock Exchange to 455.1 million shares.

“We are embarked on a huge bull market,” said Howard Winell, executive vice president of Bostian Research Associates, a New York financial analysis firm. Prime Cut Third Time in Week

The day began on an optimistic note as investors welcomed the passage by Congress of the $98.3 billion tax bill that President Reagan has said was necessary to reduce interest rates and insure economic recovery.

Trading was buoyed further as major banks cut their prime lending rate for the third time this week, reflecting the increased availability of funds in the banking system. The new level in this benchmark rate, 13 1/2 percent, is the lowest since October 1980. Reports of a pending solution to refinance some of Mexico’s bank debt, which has threatened the international financial system, added to the optimism.
The Primary Category for this article is Taxes, because it claims directly that if anything could be cited as a reason it would be the tax bill that was passed. Journalist Confidence is Low, because the author hedges as to the reason for the jump, saying *if* any one reason could be cited it “must have been the “tax features …”
The Primary Category for this article is Taxes, because it declares that the House’s stock sales tax caused the market to break. Journalist Confidence is High, and Ease of Coding is Easy, because the reason is clearly stated early on, and the article is straightforward.
Journalist Confidence is Low, because of the following passages: “There wasn’t a single catalyst…” “traders said”, and “No one can be sure...”. As this example illustrates, we equate the “Primary” Category to the most important one (according to the article), even when there is no single main factor behind the jump.
Monetary Policy and Central Banking

Actions, possible actions, and concerns related to the conduct and policies of the central bank or similar authority. Such actions and policies pertain to interest rate changes and monetary policy announcements, inflation control, liquidity injections by the monetary authority, changes in currency-gold convertibility under a gold standard, changes in reserve requirements or other bank regulations used by the monetary authority to exercise control over monetary conditions, lender-of-last resort actions, and extraordinary actions by the monetary authority in response to bank runs, systemic financial crisis and threats to the payments system.

Note: See discussions below for guidance on how to distinguish (a) Monetary Policy & Central Banking from Macroeconomic News & Outlook and (b) Monetary Policy & Central Banking from Exchange Rate Policy & Capital Controls.
Some news articles that discuss market reactions to macro developments also discuss the Fed’s normal response to the macro development. Generally, we code an article as Macro News & Outlook if it attributes the market move to news about the macro economy. We code it as Monetary Policy & Central Banking if the article attributes the market move to (a) shifts in how the Fed responds to a given macro development or (b) news about unexpected consequences of Fed actions.

It is helpful to approach this classification issue from a Taylor Rule perspective. Consider the following cases:
1. **Macro news**: The market moves because it anticipates or speculates (or sees) that the Fed will respond in its usual manner to news about the macro economy. That is, the market anticipates or speculates that the Fed will respond to macro developments according to a Taylor Rule or other well-defined, well-understood description of the Fed's interest-rate setting behavior.

2. **Monetary policy**: The market moves because of a surprise change in the policy interest rate -- i.e., a surprise conditional on the state of the macro economy. From a Taylor Rule perspective, we can think of this change as a new value for the innovation term in the Taylor rule.
3. **Monetary policy**: The market moves because of an actual or potential change in the Fed’s policy rule. From a Taylor Rule perspective, this event corresponds to an actual or potential change in the form of the Taylor Rule or a change in specific parameter values. A concrete example would be a big market response to proposals to increase the target interest rate.

4. **Monetary policy**: The market moves because of news that leads to revised views or concerns about the consequences of the Fed's actual or anticipated actions.
Distinguishing Monetary Policy & Central Banking from Macroeconomic News & Outlook 4

If an article fits the description for Case 1 above, code its category as Macroeconomic News & Outlook, and enter “Rules-based monetary policy” in the “Specify” field immediately to the right of the “Category” field.

If an article fits the descriptions in Items 2, 3 or 4, code its category as “Monetary Policy & Central Banking.”
Industrials Drop 36.33 in Busy Day; Plunge Is Second Largest on Record

Disappointment over the Federal Reserve’s failure to cut the discount rate again sent the stock market reeling yesterday as the Dow Jones Industrial Average plunged 36.33 points its second biggest loss on record. Volume of nearly 84 million shares was heavy, but well below recent near-record levels.

There had been widespread expectation last week that the Fed late Friday would cut the discount rate it charges on loans to member banks below the current 9 1/2% on Oct. 12. But the Fed failed to act again, which some analysts viewed as dissuading other banks from following Chemical Bank’s move Friday in reducing the prime rate to 11 3/4% from 12%.

Its huge loss yesterday was exceeded only by the 38.33 point drop on Oct. 28, 1929 that triggered the great market crash. Last Thursday, the index had reached a 9 1/2-year closing high of 1036.98, up 260.06 points, or 33.47%, from its 1982 low in early August.

The Dow Jones Transportation Average

The Primary Category is Monetary Policy & Central Banking, because the article claims that the Fed’s failure to cut the discount rate as expected caused the stock market to drop (“sent the stock market reeling…”). Journalist Confidence is High and Ease of Coding is Easy, because the article clearly and repeatedly lists the Fed’s failure to act as the reason for the drop.
The Primary Category for this article is Monetary Policy and Central Banking, because it cites the reason for the market movement as a rate cut by the Fed. Journalist Confidence is High, because the journalist clearly regards the rate cut as the reason for the jump. Ease of Coding is Medium, because the article does not directly state that the Fed is responsible for the rate cut, although it is strongly implied by the title and full article.
The Primary Category is Monetary Policy and Central Banking, because the article says "U.S. stock prices rallied because of government efforts..." Later, it makes clear that the main part of those efforts involved cash infusions by central banks around the world. While the article is not explicit on the matter, the most natural reading of this passage is that central banks engaged in expansionary open market operations. Journalist Confidence is High, because the article strongly attributes the rally to these interventions. Ease of Coding is Easy to Medium.
Monetary Policy and Central Banking 4
12/26/2018 +4.96%

Markets surge after reassurance that Powell’s job is safe

by Thomas Heath

Stocks on Wednesday climbed back from their epic Christmas Eve plunge as all three indexes posted big gains.

The Dow Jones industrial average soared 1,086 points, or 4.98 percent — its biggest point gain in history — as stocks snapped a four-day losing streak that had placed the 10-year bull market on the edge of death Monday.

Wednesday’s 4.96 percent climb of nearly 117 points in the S&P 500 is the best Dec. 26 on record, surpassing the 3.06 percent gain set in 1973, according to S&P Dow Jones indices.

It was the largest daily percentage gain for markets since March 2009. The Nasdaq composite rose 361 points, 5.5 percent, to close at 8,554. Both the S&P and the Nasdaq enjoyed their best day in three years. But despite the big gains, all three indexes are still in the loss column as the year’s end approaches.

“Today, the market’s message is that we have nothing to fear but fear itself,” said Ed Yardeni, president of Yardeni Research. “The recent sell-off reflected fears of an impending recession, which were blown away today by Amazon and other retailers reporting a record holiday selling season. Santa is back.”

Markets were stuttering through the early trading Wednesday morning, but they became more sure-footed after White House economic adviser Kevin Hassett assured reporters that Federal Reserve Chairman Jerome H. Powell’s job is “100 percent safe.” The market started surging after his remarks.

“Yes, of course, 100 percent,” said Hassett, the chairman of the president’s Council of Economic Advisers, when asked by reporters at the White House whether Powell’s job is secure. “Absolutely.”

Hassett, in an appearance on Fox Business Network, also said President Trump “is very happy” with Treasury Secretary Steven Mnuchin, who created worry last weekend when he phoned the chief executives of U.S. banks regarding the economy.

“Today, the market needed something positive to hold on to, and when Hassett came out and said emphatically that Powell was safe, the market got what it perceived as good news, and that was all it needed to hear,” said Kenny Polcar of Butcher Joseph Asset Management. “The algorithms took the market up 1,000 points, just like they destroyed it on Monday.”

Trumps criticism of the Fed and Powell has shaken Wall Street as it weathered its worst December in history. But Wednesday’s gains were broad and deep, with all 30 Dow components treading positive. The Dow rose on the tails of surging blue chips Nike and Microsoft, each posting gains around 7 percent. The technology sector was

The Primary Category is Monetary Policy and Central Banking, because the article states that markets started surging after White House economic advisor Kevin Hassett stated that Reserve Chairman Jerome Powell’s job is safe. The change in the leadership of the Central bank can be perceived as the change in monetary policy, hence we code it as Monetary Policy and Central Banking. Journalist Confidence is High. Ease of Coding is Medium.
Exchange Rate Policy and Capital Controls

News reports, forecasts, concerns and speculations about currency market interventions, currency devaluations and revaluations, official efforts to jawbone a currency value up or down, a shift to a new exchange rate regime, a policymaker decision to create or dissolve a currency union, and controls on international capital flows.

Notes:

• Because monetary policy actions have implications for exchange rates, it can be challenging to judge whether certain jumps are best coded as Monetary Policy & Central Banking or Exchange Rate Policy & Capital Controls. See the next two slides for guidance on this matter.

• When specifying the jump category as Exchange Rate Policy & Capital Controls, you should also enter “Monetary Policy”, “Capital Controls” or “Other” in the “Specify” field immediately to the right of the “Category” field. See below for additional guidance on this matter.
Distinguishing Monetary Policy & Central Banking from Exchange Rate Policy & Capital Controls 1

For jump-triggering monetary policy actions, code the category as Monetary Policy & Central Banking unless the article says that the actual or anticipated monetary policy action is motivated mainly by exchange rate considerations.

Example 1: If an article states that domestic stock prices fell because the central bank raised its policy interest rate in an effort to defend the country’s currency value in foreign exchange markets, enter Exchange Rates & Capital Controls for the Category and “Monetary Policy” in the Specify field.

Example 2: If an article states that domestic stock prices fell on rumors that the government was printing new currency in preparation for a possible exit from a currency union, enter Exchange Rates & Capital Controls for the Category and “Monetary Policy” in the Specify field.
Example 3: If an article states that the monetary authority drained reserves from the banking sector to maintain a fixed rate of exchange against another currency (or gold), enter Exchange Rates & Capital Controls for the Category and “Monetary Policy” in the Specify field.

Example 4: If an article states that the monetary authority or other government body (e.g., finance ministry or treasury department) engaged in sterilized exchange rate interventions, enter Exchange Rates & Capital Controls for the Category and “Monetary Policy” in the ”Specify” field.
Additional Guidance on How to Treat Articles about Exchange Rate Policy & Capital Controls

The four examples on the previous two slides involve the use of monetary policy instruments to influence exchange rates or, in the case of Example 2, to prepare for a possible change in the exchange rate regime.

Governments also use other policy tools to influence currency values in foreign exchange markets. For example, a government may restrict, tax or otherwise discourage or penalize international capital inflows or outflows. If an article attributes a jump to an actual, anticipated or possible policy action of this sort, enter Exchange Rates & Capital Controls for the Category and “Capital controls” in the ”Specify” field.
Additional Guidance on How to Treat Articles about Exchange Rate Policy & Capital Controls

If an article attributes a jump to an actual, anticipated or possible policy action aimed at influencing the exchange rate, but the action does not fit under “Monetary Policy” or “Capital Controls”, then enter “Other” in the Specify field.

Example 1: If an article says the U.S. Dollar fell on news that the U.S. Treasury Secretary backs a weaker dollar, enter “Exchange Rate & Capital Controls” in the Category field for the currency jump and enter ”Other” in the Specify field.

Example 2: If an article says the U.S. Dollar rose in response to a multi-country accord in support of a stronger Dollar, enter “Exchange Rate & Capital Controls” in the Category field for the currency jump and enter ”Other” in the Specify field.
In summary, when you code the Category for a given jump in stock, bond or currency markets as Exchange Rate Policy & Capital Controls, enter one of the following terms in the Specify field immediately to the right of the Category field:

- Monetary policy
- Capital controls
- Other
The security and commodity markets hailed President Roosevelt's message to Congress, urging devaluation of the dollar to the 60-cent level and creation of a $2,000,000,000 equalization fund for currency management, with sweeping gains on a broad front. Successive

Welcoming Prospect of Stabilization

The performance of all the markets was proof of the constructive interpretation placed on the President's monetary program by the financial

The big bulges in stocks came in the early dealings and in the last two hours, after it was announced that the gold price would be set at $34.45 an ounce today. The rise was led by du Pont, Case, Allied Chemical, the steel shares and Johns Manville, among the industrials. Railroad issues were strong throughout the day, led by New York Central, Pennsylvania, Delaware & Hudson and Atchison, and utilities reached the best levels in months on steady buying. In the Specify field, since the plan involves a change in the Dollar-Gold peg. Journalist Confidence is High. Set Ease of Coding to Easy, because the Primary Category is clearly Exchange Rate Policy & Capital Controls. It's hard to judge whether to enter "Other" or "Monetary Policy" in the Specify field, given the monetary elements of this policy move, but that does not bear on the Ease of Coding, which pertains only to the Primary Category field.
The Primary Category is Exchange Rate Policy & Capital Controls, because the article claims that the reason for the market move is the decision for the pound to join the EMS.

Enter “Monetary Policy” in the Specify field, because the policy decision is to join the European Monetary System and because the policy decision also involved a cut in the policy rate. Journalist Confidence is High. Ease of Coding is Easy.
Unfortunately, I don't think this article is well coded. There is a tension here that I want to discuss with the full group. Keep this example for now, but I expect we will modify its coding after the full-group discussion. There is a broad issue here, which is why I want to discuss it with the full group.

Davis, Steven J., 6/29/2018
The Primary Category for this article is Trade and Exchange Rate Policy, because it claims that a pact among central banks to lessen fluctuations in foreign exchange markets brought in a “wave of buying”. The second reason listed for the buying wave – “the President’s rejection of pegging operations” -- also involves exchange rate policy. Enter “Monetary Policy” in the Specify field. The Secondary Category is Macroeconomic News & Outlook, because the article also links the move to “inspiring news” for “domestic industry,” but that comes third on its list of reasons for the buying wave. Journalist Confidence is High, and Ease of Coding is Easy.

Abreast of the Market
Wall Street Journal (1923 - Current file); Jul 3, 1933:
ProQuest Historical Newspapers: The Wall Street Journal pg. 13

Overnight news of the pact between central banks to work together to lessen fluctuations in the foreign exchange markets, and the President’s rejection of pegging operations, as well as a flood of inspiring news on the trend of domestic industry, brought a wave of buying into securities and commodities in the closing session of the week. In stocks, spectacular gains were scored by several issues, with the uprush of 14 points in Allied Chemical the high spot. Domestic corporation bonds were uniformly higher, and grains and cotton marched forward in spirited trading.
This example also gives rise to the same tension.

Steve will recode it.
International Trade Policy

News reports, forecasts or concerns that pertain to international trade and commercial policies including tariffs, import quotas, voluntary export restraints, trade agreements, trade subsidies, and WTO cases.
Irregularity in the markets reflected the cross-currents in the news. Weakness in the dollar in the foreign exchange markets brought some buying into stocks. On the other hand, the British cabinet’s objections to the American tariff truce proposals, and the prospect that there might be more international dissension before the London Economic Conference in June, had a dampening effect. Favoring business news, particularly on the steel industry, and the sharp upturn in railroad traffic, nourished special groups of stocks.

The Primary Category for this article is International Trade Policy, because it claims that the “British cabinet’s objections to the American tariff truce proposals” had a “dampening effect”. The secondary category would not be Macroeconomic News & Outlook, because the daily move was negative (-3%), and the “favoring business news” is positive, so that could not be the cause for the downward jump. Journalist Confidence is Low or Medium, given the remarks about “cross-currents in the news.” Ease of Coding is Hard to code, as you must read the article carefully to determine what the journalist thinks triggered the jump.
Regulation

News, events and concerns related to government regulations, excluding those covered by Monetary Policy & Central Banking, Exchange Rate Policy & Capital Controls, or International Trade Policy. Examples include environmental regulations, energy regulations, labor regulations, health care regulations, financial regulations (other than central banking actions described above) and competition (anti-trust) policy
The New York Times

The Primary Category for this article is Regulation and the Secondary Category is Macro News & Outlook. Regarding the Primary Category, the article mentions “enforcement actions ...” and worries “that other banks might face similar reprisals. (continued below)

Goldman Sachs fell 3.5 percent after regulators announced enforcement actions against a former subsidiary of the bank over mortgage and foreclosure practices. Bank stocks fell more than the rest of the market as investors worried that other banks might face similar reprisals. Financial stocks in the Standard & Poor's 500-stock index dropped 2.4 percent, the most of the 10 company groups that make up the index.

"There’s obviously a lot of fear in the marketplace," said Ann Miletti, managing director and senior portfolio manager at Wells Capital Management. “Right now, the market’s just lacking confidence.”

The Dow Jones industrial average fell 119.96 points, or 1 percent, to close at 11,493.57. It rose by more than 100 points shortly after 10 a.m., when a crucial manufacturing report showed evidence of growth in August.

Retailers including Macy's and Costco rose after reporting strong sales last month, despite wild swings in the stock market and worries about the economy.

Goldman Sachs, in a settlement with a New York state banking regulator, agreed to stop controversial mortgage-related practices such as the "robo-signing" of documents. The settlement was a condition to Goldman's sale of its Litton Loan Servicing subsidiary, where the practices occurred.

(continuation) Regarding the Secondary Category, the article mentions fears of another recession in advance of the jobs report. Journalist Confidence is Medium, because the jump is not clearly attributed to the enforcement action, and it is described more in terms of its effects on specific banks than the market as a whole. Ease of Coding is Hard, because it’s hard to assess from the article which factor is Primary, and which is Secondary.
Thursday’s rally began in the morning with financial stocks, in anticipation of a Financial Accounting Standards Board decision to ease mark-to-market accounting rules that banks complained force them to undervalue their assets, and it picked up speed after the decision was announced. An unexpected gain in factory orders added to optimism about the economy.

The Dow Jones Transportation Average jumped 7.9% amid hopes that an economic upturn would boost shares of trucking companies, airlines and railroads. The S&P 500-stock index rose 23.30 points, or 2.9%, to 834.38, led by gains of more than 5% in its industrial and consumer-discretionary categories. The financial sector was up 3%.

Journalist Confidence is Medium, because the author seems unsure of the most important reason for the market rally. Ease of Coding is Hard, because it’s difficult to assess whether Regulation or Macro News & Outlook should be coded as the Primary Category.
The Primary Category is Regulation, because there is a state player – US Securities and Exchange Commission which is undertaking a wide-scale investigation of the trading scandal and will potentially regulate the market. This article is Hard to code. Journalist Confidence is Medium to High.
TUC response to ‘package’ lifts shares

The stock market had a strong session yesterday, with both gilts and equities moving higher as the City was encouraged by the response from the trade unions to Mr Healey’s economic package. However, trading was not heavy. Market indices extended their recent gains by a further 5 per cent or so. The FT index, finally up 15.2 up at 323.3, has gained 27.7 points over the week.

Shares in House of Fraser moved higher yesterday, reflecting market rumours that Carter Hawley Hale Stores Inc, the United States group which has a major equity stake, is buying in the market.

The longer end captured most of the action in the gilt market. Dealers described trading conditions there as very busy. Buying predominated and prices advanced steadily throughout the day. The new issue of the long-dated “tap” was activated, but did nothing to dampen the market’s enthusiasm.

Rises on the day ranged up to 3 or 4 point in “longs”, with prices closing at the top. “Mediums” generally showed smaller rises of 1 point, while “shorts” were, if anything, a shade easier on the day. But “shorts” dealers said that their part of the market had been very quiet.

Shortage of stock is now a significant factor in the equity market. Jobbers had balanced their books tightly while awaiting Mr Healey’s speech and the squeeze on the bears has sent share prices shooting ahead. Recorded bargains totalled only 5,133 yesterday, which is no great number by bull market standards.

Except for the day on which the Chancellor spoke, equity turnover by value has remained well below the levels recorded in January and February this year. Confidence appears high.

The day started well, as the market caught up with the rumours of the previous evening. TUC acceptance for the Chancellor’s 10 per cent wage curb brought buyers in for shares. But this early flurry was showing signs of slackening when reports reached the market of Mr Gormley’s rejection of claims for £100 a week for the miners. From that point on shares surged forward, to close at the day’s best levels.

The international favourites scored further gains. ICI (268p), Beecham (286p), Unilever (384p) and Bats (316p) all received a final boost from a report that Saudi Arabia will resist attempts to force oil prices any higher. This was a general tonic for industrial shares, but inspired strong gains in the oil majors. BP jumped by 23p to 533p in late dealings. This is its only significant movement this week and indicates the strength of support beneath major share prices. Shell (315p) also rose sharply.

The Primary Category is Regulation. At the beginning of the article it states that the market moved due to the response from the trade unions to Mr Healey’s economic package. Later it says that TUC acceptance for the Chancellor’s 10 per cent wage curb brought buyers in for shares, so we can conclude that the Government is regulating the labor market. Journalist Confidence appears high, Ease of Coding is Medium.
Sovereign Military and Security Actions

Reports and concerns about military actions by sovereign actors including war, invasion, blockade, saber rattling, and large-scale violent suppression of domestic insurrections. Policy responses to terrorist actions that involve large-scale use of military resources also fall into this category.
The Primary Category for this article is Sovereign Military & Security Actions, because it says stocks soared “amid hopes that a war with Iraq could be delayed or avoided.” Journalist Confidence is Low, because the article says that stocks soared “amid” hopes that war would be avoided, not because of those hopes. Later, the article casts doubt on the role of war-related hopes. Ease of Coding is Easy.
The Primary Category is Sovereign Military and Security Actions, because the articles claims that stocks plunged after U.S. military setbacks in Iraq. Journalist Confidence is Medium, because the article declares that stocks plunged "after" the military setbacks not because of them. Ease of Coding is Easy.
The Primary Category is Sovereign Military & Security Actions, because the article says “investors reacted with relief yesterday to news” related to a war between two sovereign governments. Journalist Confidence is High, because the article claims that the rally was a reaction to the war-related news. Ease of Coding is Easy.
Elections and Political Transitions

News, events and concerns related to elections, election outcomes, assassinations of political leaders, coups, revolutions, and other political leadership transitions.
The Primary Category is Elections and Political Transitions, because the article cites Obama’s election as the reason for the market move. Journalist Confidence is Low, because the article claims only that “some commentators” came to this conclusion, rather than declaring the reason with more confidence.
A huge buying surge by investors who saw the election results as good news for the nation’s economy shattered two stock market records yesterday. The Dow Jones industrial average climbed 46.44 points, more than it had ever gone up in a single day, and closed at 1,051.70, its highest closing level ever.

It was a day that Wall Street and the investment world had been eagerly anticipating since late October when the Dow, average, the stock market’s most closely watched barometer, first showed signs that it might break through a record that had held for nearly a decade. The previous high, 1,051.70, was set on Jan. 11, 1973.

“We ordered champagne for our stock traders five minutes after the market closed, and we’re going for a vintage number,” said John A. Conlon Jr., who heads some of the trading operations at E.F. Hutton & Company, a major brokerage firm.

Like many other Wall Street professionals, Mr. Conlon viewed the results of Tuesday’s elections as a mandate from the voters to the Government to keep interest rates declining so that a sustainable economic recovery would be possible.

The stock market, in effect, heaved a huge sigh of relief that the elections had something for both political parties and produced no shocking surprises,” said Theodore H. Halligan, an institutional salesman for Piper, Jaffray & Hopwood Inc.

On the vast trading floor of the New York Stock Exchange, tension mounted during the final hour of trading as the Dow average kept pushing upward. At 3 P.M., it had hovered for a few moments at 1,045.91, after a gain of 23.91 points.

Then suddenly prices of many of the 30 corporate stocks that make up the Dow average began climbing again, and the ticker tape lagged behind floor transactions. As 3:30 approached, the average passed the old record and with 30 minutes still left in the trading session, it was at 1,055.20, up 33.20 points, and still going higher.

The Primary Category is Elections and Political Transitions, because the article attributes the jump to the election results. Journalist Confidence is High, because the article clearly states that the election was the reason, and it reiterates that claim later in the article.
Other Policy (Specify)

Any other government policy action, concern or consequences that does not fit into the aforementioned policy categories. Specify the nature of the policy in the ‘details’ column.
The Primary Category is Other Policy, because the article claims the move was sparked by government actions to create jobs and save auto makers (without describing the actions in any specificity).

Secondary Category is Government Spending, because the 2nd paragraph attributes the U.S. and global rally to stimulus plans that include infrastructure development. Journalist Confidence is High, because the author says “new government actions … sent stocks higher,” implying a causal effect.
Corporate Earnings and Outlook

News relating to the release or impending release of information about corporate earnings, revenues, costs, or borrowings. News primarily about a shift in the outlook for corporate earnings, revenues, costs or borrowings also falls into this category.
The Primary Category is Corporate Earnings & Outlook, because the article attributes the rally to “strong earnings reports.” Journalist Confidence is Medium, because the article attributes this interpretation to “bullish analysts” rather than to a consensus view or the journalist’s own confidently asserted understanding. Ease of Coding is Easy.
The Primary Category is Corporate Earnings & Outlook, because the article attributes the stock market fall to warnings "that weakening economies had crimped profit outlooks." Later passages also refer to a negative outlook for earnings. Journalist Confidence is High. Ease of Coding is Hard, however, because it’s hard to judge whether the Primary Category should be Corporate Earnings & Outlook or Macroeconomic News & Outlook, given the references to "weakening economies" and betting against stocks “most reliant on business expansion and consumer spending.”
The Primary Category is Corporate Earnings & Outlook, because the article attributes the stock rally to a celebration of upbeat earnings reports. Journalist Confidence is Medium, both because of the author’s use of “as investors celebrated” and the later remark that “The consensus among investors seemed to be…” Ease of Coding is Easy.
Dividend reductions and omissions assumed more menacing proportions yesterday. Around midday, Anaconda, General Railway Signal and Babcock & Wilcox announced that payments had been omitted and these announcements, all coming within a few minutes of each other, had an extremely unsettling effect. The commodity market to contend against and it managed to show reasonable steadiness in the morning. But May wheat broke the limit at Winnipeg and unsettled the Chicago market, causing increasing nervousness in stocks. The Anaconda announcement brought a swift setback in that issue and selling picked up considerable volume and spread to other issues. United Carbon’s reduction in the dividend payment to 75 cents from $1 three months ago appeared mild by contrast with the three omissions.

The Primary Category is Corporate Earnings & Outlook because the highlighted passage states that the reduction and omission of the dividend payments had an unsettling effect on the market. Journalist Confidence is High. Ease of Coding is Easy.
Commodities

News reports and concerns related to demand or supply shocks in commodity markets (oil, grain, copper, etc.) and their consequences.

**Note:** If the commodity market shock mentions in the article that it reflects a military action or terrorist attack, then classify under Sovereign Military and Security Actions or Terrorist Attacks and Large-Scale Violence by Non-Sovereign Actors, respectively.
The Secondary Category is Macroeconomic News & Outlook, because the article states “The concern over the rising interest rate contributed to yesterday’s decline. Ease of Coding is Easy.
The Primary Category is Commodities, because the article says yesterday’s market gain happened in “the wake of a big drop in crude oil prices.” Journalist Confidence is low, because the author writes “in the wake of” and because it later says “Oil seemed …”. Ease of Coding is Easy.
The Primary Category is Commodities, because the article attributes the stock market drop to surging oil prices (first on the list). Journalist Confidence is High. The Secondary Category follows from “turmoil in the Middle East.” Because the article does not spell out the nature of the turmoil, code the Secondary Category as Other Non-Policy. For the the Detail field, write “turmoil in the Middle East.”
Foreign stock markets

News reports that attribute a large domestic market move directly to foreign stock-market moves *without* offering any deeper explanation for the domestic or foreign stock market move.

For example, suppose an article in the South China Morning Post attributes a jump in the Hang Seng (Hong Kong) Index to stock price moves on “Wall Street.” If the article offers no explanation for the Wall Street move and no other explanation for the Hang Seng jump, code the Primary Category as Foreign Stock Markets. If instead, the article attributes the Wall Street moves to bad reports about the U.S. macroeconomic outlook, for example, code the Primary Category as Macroeconomic News & Outlook.
Turnover crosses $10b mark as players plough into battered sector

Buyers take cue from US

Wilder, David. South China Morning Post; Hong Kong [Hong Kong]12 Apr 2001: 1.

Hong Kong technology stocks led the market higher yesterday after a sharp bounce on Wall Street triggered a buying spree in the beleaguered sector.

The Hang Seng Index jumped 4.03 per cent to end at 12,706.43 points, with turnover at a relatively sprightly HK$10.14 billion - its first foray above the $10 billion mark since the March 23 trading session.

"We hope that there will be more rebounds in the [United States] and then this market should move further," BNP Prime Peregrine sales trader Hugo Leung said. "Looking at the turnover, it's definitely improved." On Tuesday, the Nasdaq Stock Market soared 6.09 per cent and the Dow Jones Industrial Average climbed 2.61 per cent to end back above the 10,000-point level.

This in turn sparked a rebound in many Hong Kong stocks and, unlike other recent bounces, small-caps came along for the ride. Systems integrator Computer and Technologies, for instance, soared 16.96 per cent to $3.275.

The Primary Category is Foreign Stock Markets, because the article attributes the jump in the Hang Seng Index to rising U.S. stock prices, and the full article says nothing about any deeper factor behind the stock market rise in the HK or the U.S. Journalist Confidence is High, given the even stronger attribution in the second highlighted passage. Geographic Origin is “USA”.

The Primary Category is Foreign Stock Markets, because the article describes the market movements in Shanghai as the “catalyst” for the U.S. equity market drop, and it offers no deeper explanation for the drop in the Shanghai or US markets. Journalist Confidence is High, because it clearly describes Shanghai’s markets as being responsible, and refers to this reasoning later in the article as well.
Terrorist Attacks and Large-Scale Violence by Non-State Actors

Events, reports and concerns related to the use of violent force by non-state actors.

Note: There is a potentially blurry boundary between (a) terrorist attacks and (b) assassinations of political leaders or a violent revolution. Make a notation in the Comment field, if there are difficult classification issues of this sort. Of course, you should also set Ease of Coding to Hard in such cases.
The Primary Category is “Terrorist Attacks …” because of language in the 2nd paragraph, which attributes the market drop to 9/11 attacks on the World Trade Center. Journalist Confidence is Medium, because the article attributes the stock fall to the 9/11 attacks in a somewhat roundabout manner.
The Primary Category is “Terrorist Attacks …”, because the article says some investors attributed the rally to the absence of a major terrorist attack on July 4. Journalist Confidence is Low, given the use of “some investors”. The Secondary Category is Macroeconomic News & Outlook in view of the passage about “Yesterday’s jobs report also played a role…”
The Primary Category is “Terrorist Attacks …”. because the article attributes the market drop to climbing disaster-related costs, damage done by the 9/11 attacks to the economy, and (in Greenspan’s remarks) to the effects of 9/11-induced uncertainty on spending on equipment, housing and cars. Journalist Confidence is High. The Secondary Category is Macro News & Outlook, given the remarks about “’Other economic indicators also alarmed investors ….”
Other Non-Policy (Specify)

Any other news report, event or concern that is not policy-related and does not fit into one of the aforementioned categories; specify the nature of the policy in the ‘details’ column
The Primary Category is Other Non-Policy, because the article attributes the market fall to the insider trading scandal, which doesn’t fit into any of our other categories and is not a policy based-phenomena. Journalist Confidence is High, because the article is very definitive in claiming that the repercussions from the scandal caused the market move.
The Primary Category is Other Non-Policy, because the article cites a trading glitch as making a bad day worse. Journalist Confidence is Medium, because the author says only that an “apparent trading glitch” made things worse, not that the glitch was the main factor. Later, the article says “markets were already on edge … as traders watched …”, but it’s not clear which “markets” the article is referencing here, and it uses the weak “as traders watched” phraseology. This passage is not clear or strong enough to provide the basis for coding a Secondary Category.
Unknown & No Explanation

Use this category when the article does not offer an explanation for the market jump, or when it explicitly asserts that the cause is unknown.
The Primary Category is Unknown & No Explanation, because the article identifies no underlying cause for the jump and, in fact, refers to the “absence of bullish news”. Journalist Confidence is Medium or Low, because the author seems unsure why the market moved the way it did.
The Primary Category is Unknown, because the article makes no attempt to explain the movement in the stock market. Rather it just describes what happened in the market and what it might portend for the future. Journalist Confidence is Low, because he/she presumably would have offered an explanation if one was at hand.
The Primary Category is Unknown & No Explanation, because the article offers no underlying reason for the market rebound. It says some foreign investors were buying (according to NY-based investment bankers), but it says nothing about why they were buying. This amounts to a non-explanation, because there are always buyers and sellers any time trading volume is positive. Journalist Confidence is Low, because the author offers no underlying reason for the market move, and even his claim about foreign investors is attributed to others.
NO ARTICLE FOUND

- When you cannot find a suitable article for the jump in any of the newspapers you consult, enter No Article Found in the Primary Category field.

- Especially in recent decades, it is quite rare that there is no suitable article in the WSJ. That’s also true for the NY Times.
  - Carefully read through all search results
  - Try consulting summary columns such as “What’s News” in the Wall Street Journal
  - Try consulting long-running columns such as “Abreast of the Market” in the WSJ
Basic process (for the Wall Street Journal)

Variations for different newspapers and periods

Category definitions and example articles

Coding FAQs
Coding FAQs

1. If an article mentions multiple reasons for the jump, which one(s) should be coded?

Code the Primary Category based on the most important reason, as indicated by the article. Code the next most important, again as indicated by the article, as the Secondary Category.

If the article mentions multiple reasons for the jump but does not state or imply which one is most important, use the order in which they are mentioned as a tie breaker. That is, treat the first reason mentioned as the Primary Category. Use this ordering rule as a tie-breaker only – it is not a substitute for a sound judgment based on a careful reading of the full article.

Additional reasons (beyond Primary and Secondary) can be noted in the Comment field.
Coding FAQs

2. If an article talks about foreign developments or the actions of a foreign government, how should I code the Primary Category, Secondary Category, Journalist Confidence and Ease of Coding fields?

The same as always. Use the “Geographic Origin” field to indicate the geographic source of the news, policy decision or other matter that, according to the article, triggered the jump.

For example, if the article says a government spending decision in Germany caused the US stock market jump, put “Government Spending” in the Primary Category field and “Germany” in the Geographic Origin field.
Coding FAQs

3. When should I consult a second article?

- When the first article does not assert what caused the jump
- When the first article does assert what caused the jump, but is vague on details that are important for coding the Primary Category field.
- The next slides provide examples where consulting a second article helped clarify the matter.
- When you consult multiple articles about a particular jump, create a separate record in the Excel file for each article. Enter the articles in the order you consulted them.

Note: Do *not* record an article merely because you inspected it and determined it’s not about the jump in question.
The article claims that the Treasury Department’s plan sparked the stock market rally, but it does not explain whether the new plan involves an injection of government funds (Government Spending) or the shifting of losses to creditors (Other Policy).

After reading this article, and realizing that the description of the Treasury Plan is too vague to support a confident coding of the Primary Category field, find a second article.

ASIA MARKETS

Stocks Climb on Geithner Plan

By By Rosalind Mathieson Wei-Zhe Tan and V. Phani Kumar
Updated March 24, 2009 3:01 p.m. ET

Mr. Geithner was due to unveil details at 8:45 a.m. Eastern Time for a new investment fund to buy mortgage-related securities and other assets weighing down bank balance sheets.

He told the Wall Street Journal the Public Private Investment Program envisioned the creation of a series of public-private investments to soak up $500 billion, and maybe as much as $1 trillion, in troubled loans and securities. To encourage investors to buy those assets, the government would offer lucrative subsidies and shoulder much of the risk.

This article from the Wall Street Journal on the same date provides more information about the nature of the Treasury Plan to remove toxic assets from bank balance sheets. It explains that the government is going to shoulder much of the risk and offer lucrative subsides, which confirms the category. Based on this information, the Primary Category is Government Spending. Journalist Confidence is High based on the headline, which attributes the stock market gain directly to the Treasury Plan.
Consulting a Second Article: Example 2

- The original article for the Jump on 6/29/2010 is mostly a description of what happened. The journalist makes no claim about what caused the jump.

Volatility returned to global financial markets with a vengeance in the second quarter, sending investors fleeing from stocks world-wide and driving them into defensive investments, especially U.S. Treasurys and gold.

- A second article explicitly links the move to the disappointing consumer confidence numbers, so the Primary Category should be coded as “Macroeconomic News & Outlook.”

Markets were already weaker in Asian and European trading, and got an additional knock early in the U.S. trading day from a dismal reading of consumer confidence. This fanned
Coding FAQs

4. Can I enter multiple countries and regions in the Geographic Origin field?

Yes, if the article attributes the jump to developments in multiple countries or regions, list each one in the Geographic Origin field.

5. In what order should I list multiple countries and regions?

List them in order of importance, as indicated by a careful reading of the article. If necessary, use the order in which they are mentioned as a tie breaker.
Coding FAQs

6. How should I fill in the Detailed Cause/Notes field?

Use this field to paraphrase the article’s explanation(s) for the jump. The idea is that someone who reads this field would understand what caused the jump, according to the article.

The Excel file with test articles includes many examples of how to fill in the Detailed Cause/Notes field.
How to Fill in Key Passage Field

• Use this field to quote a short passage in the article, or if necessary two passages, typically fewer than 25 words (1-2 sentences), that are most important in helping you determine your coding.
  – The second passage may be necessary if the article refers to multiple causes for the jump or to clarify/confirm your interpretation.
  – This field is in addition to the Detailed Cause/Notes field, in which you paraphrase the article’s explanation.
• For articles exported as text, you can copy and paste the relevant text passage directly into the “Key Passage” field.
• For articles exported as pictures (most articles before 1980), type the passage into the ”Key Passage” field.
• The Excel file with test articles includes many examples of how to fill in the “Key Passage” field.
The completion of a tax deal between the White House and Congress sent stocks soaring Wednesday, but the sense of relief belied the fact that more tax-and-spending brinkmanship is expected as soon as February.
Location in Article Field

Use this field to indicate how far into the article you needed to read to be confident about your Primary Category coding.

Use a three-point scale:
Clear from Title = 3
Clear after reading First Two Paragraphs = 2
Not clear until reading beyond first two paragraphs = 1

For example, the title “Dow Soars 256 Points, Powered By Upbeat Intel” (7/15/2008) directly links the stock market move to corporate profits. Enter “Title” in the Location in Article field.

Regardless of where you find the key information, you need to read the whole article to be sure that the key information is where you said it was. Sometimes, an article leads with information that fits one category, but later provides conflicting evidence or evidence that another category is more important.
Although the title is informative, the direction and cause of the jump is not completely clear until reading the first sentence. Enter “First Two Paragraphs” in the Location in Article field.
Example: Clear From First Two Paragraphs

Stocks Get a September Pop
Dow Jumps 254.75 as Historically Turbulent Month Has Best Opening Since ’98

By Jonathan Cheng
Updated Sept. 1, 2010 11:16 p.m. ET

Hello, September.

Stocks surged as strong global manufacturing data helped kick off the historically volatile month with a bang, following a bruising August.

The title is not informative, but the second paragraph directly links the macroeconomic data to the stock market move. Enter “First Two Paragraphs” in the Location in Article field.
Example: Full Article

Dow Rises, But October Was Brutal


With one trading day left in October, the month is shaping up to be among the worst and most volatile in stock-market history.

The market rose Thursday despite government data that showed the economy had shrunk for the first time in seven years, but it remains down 15.4% for the month, as measured by the Dow Jones Industrial Average. That would make October the 11th-worst month in history and the worst in 21 years.

The credit crisis and worsening economy has led to wild price swings during the month. The average daily range from low to high has been 605.51 points. The index hasn't had two consecutive daily gains all month, and it has had 16 down days, the most since August 1973, during a grinding bear market.

The market had a relatively benign day Thursday, with the Dow industrials rising 189.73 points, or 2.1%, to close at 9180.69. A rally that began in Asia and continued in Europe pulled the market higher as officials around the world took further steps to stabilize the ailing global financial system.

The title is not informative, and the first few paragraphs discuss what happened in the rest of October. The actual cause of the jump, “further steps to stabilize the ailing global financial system”, does not appear until the fourth paragraph. Enter “Full Article” in the Location in Article field.
Basic process (for the Wall Street Journal)

Variations for different newspapers and periods

Category definitions and example articles

Coding FAQs

Journalist Confidence & Ease of Coding
Journalist Confidence

Use this field to characterize the confidence/assurance/certainty with which the article advances an explanation for the jump.

Use a three-point scale:
High confidence = 3
Medium confidence = 2
Low confidence = 1

For example, if the article asserts without qualification that bad news about corporate earnings triggered a large drop in the equity market, enter High in the Journalist Confidence field.
1/2/2013 – Taxes

Fresh Budget Fights Brewing --- Markets Breathe Sigh of Relief After Fiscal Clash, but Tax-and-Cut Battles Loom


THE WALL STREET JOURNAL.

Full Text  Translate

The completion of a tax deal between the White House and Congress sent stocks soaring Wednesday, but the sense of relief belied the fact that more tax-and-spending brinkmanship is expected as soon as February.

Code Journalist Confidence as High, because the journalist unambiguously attributed the market gain to the tax deal.
Dow, at 7552.60, Plumbs Bear-Market Low --- Wal-Mart Gains, but That's It as Industrials Slide 3.8%; GM on Brink and a Bank Selloff

The Dow Jones Industrial Average tumbled to its bear-market low in a broad selloff, as investors worried about the global economy and the health of financial institutions fled to the safety of gold and Treasury bonds.

A decline in Japan's fourth-quarter and full-year GDP amid collapsing demand for its products sent Asian stocks lower and the decline continued in Europe after Moody's Investors Service warned of bank exposure to faltering Eastern European economies.

Code Journalist Confidence as Medium, because the article says the Dow tumbled “as investors worried ...” rather than clearly fingering worries about the global economy as the reason for the market slide. The Primary Category is Macroeconomic News & Outlook based on the reference to worries about the global economy. Enter ”Global” in the Geographic Origin field.
7/23/2002 -- Unknown

Nasdaq Stocks Sustain Biggest Loss of Year --- Tech-Burdened Index Falls 4%, Dow Industrials Lose 82 Points; Attempts to Rally Go Nowhere


THE WALL STREET JOURNAL.

A MORNING STOCK RALLY fizzled again, as a wave of late-day selling pushed the Dow Jones Industrial Average into its 11th decline of the past 12 trading sessions, and left the Nasdaq Composite Index down more than 4% on the day, its biggest one-day loss of the year.

Individuals continued to bail out of their stock investments, forcing mutual funds to raise cash by trimming some of their large holdings, including big Nasdaq companies such as Microsoft, Cisco Systems and Dell Computer. Those declines helped knock the Nasdaq Composite Index down 4.18%, or 53.60 points, to 1229.05 — well below the level of 1300.12 at which it closed on Dec. 5, 1996, the day Federal Reserve Chairman Alan Greenspan warned that investors could be succumbing to “irrational exuberance.”

Set Journalist Confidence to Low, because the article does not link the jump to any fundamental development. It just says prices went down because investors sold... But for every seller there must be a buyer! Ease of Coding is Medium, because many causes are listed, but after reading through all of them, the journalist links none of them directly to the jump. The Primary Category coding is Unknown & No Explanation.
Even as stocks tumbled to multiyear lows, investors and traders were worried about more declines because they saw few signs of capitulation — or last-ditch selling that typically marks a market bottom.

Monday's 369.88-point, or 3.6%, drop in the Dow Jones Industrial Average, sending it below the 10000 mark at 9955.50, didn't seem like a round of capitulation, said Doreen Mogavero, president and chief executive of the New York floor brokerage Mogavero Lee & Co.

"Yes, it's a big move, but there hasn't been the sort of [trading] volume behind it that we'd like to see," in order to confirm that there isn't another wave of sellers still waiting on the sidelines, Ms. Mogavero said.

The U.S. government's $700 billion plan to bail out financial institutions didn't stop the Dow industrials from falling about 800 points during the afternoon, to the lowest intraday level in nearly five years, although they recovered some of those losses in the last hour of trading. All 30 Dow components declined, led by Bank of America, which fell more than 6.5%.

**Code Journalist Confidence as Low, because the journalist says the drop happened *despite* the bail out plan, and the article not link the jump to any particular cause. After reading the entire article (not reproduced here in full), the Primary Category is Unknown & No Explanation.**
Ease of Coding

How easy is it to code the primary “Category” field.

Easy to Code = 3 “The explanation was easy to find, placed prominently, and without qualification”
Medium = 2 “The explanation was present, but either complex, later in the article or with qualification”
Hard to Code = 1 “The explanation was complex, later and/or heavily caveated. Multiple readings and consideration was required.”

Example 1: An article confidently identifies several factors that contributed to the day’s move, but provides no indication as to which factor is most important. This makes it hard to code the “Primary Category” field, so “Ease of Coding is “Hard.”

Example 2: An article asserts a single explanation for a jump, but it is difficult to put that explanation into one of our categories. On 3/23/2009 the WSJ attributes the move to the Treasury plan, but does not specify who will pay for the toxic assets. If the treasury pays, the Primary Category would be Government Spending, while if creditors are forced to take losses, it would be Other Policy. Since the article does not clarify the matter, set Ease of Coding to “Hard” for this article. Note: This article was also featured above in the discussion of when to consult a second article to assign the Primary Category.