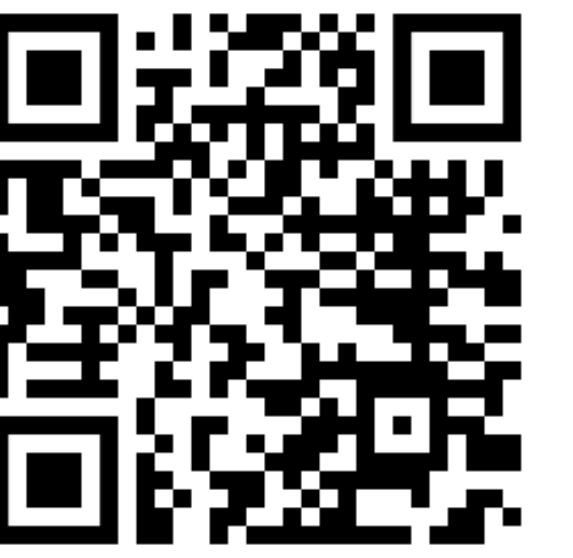
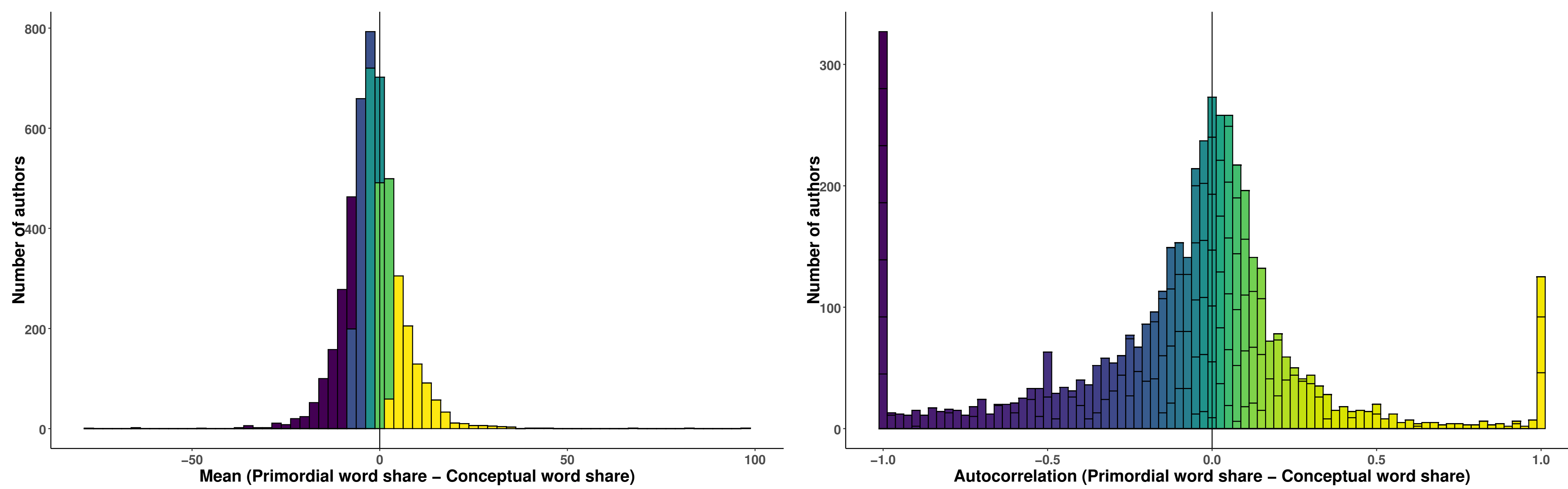


Narrative Triggers of Information Sensitivity



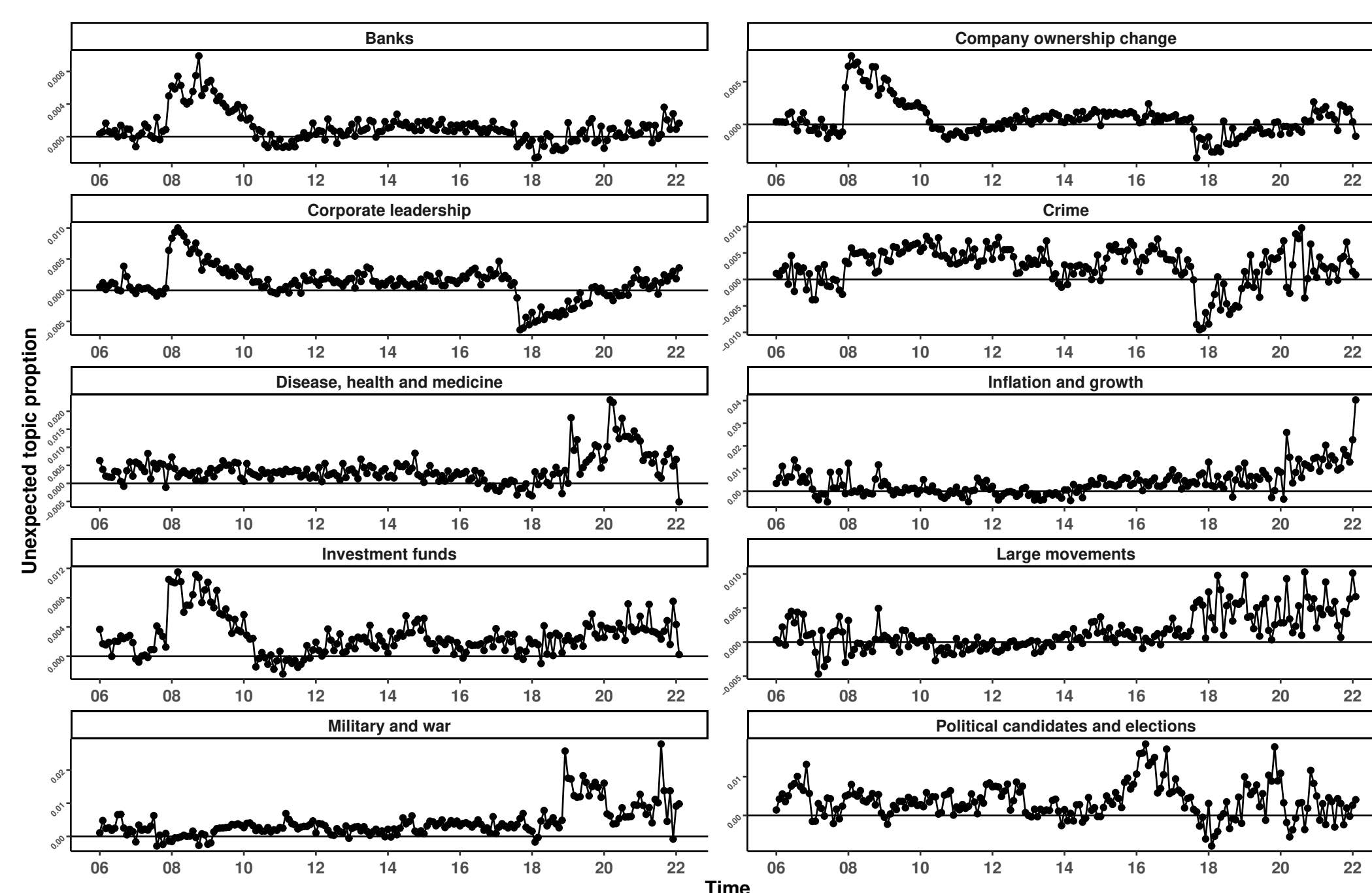
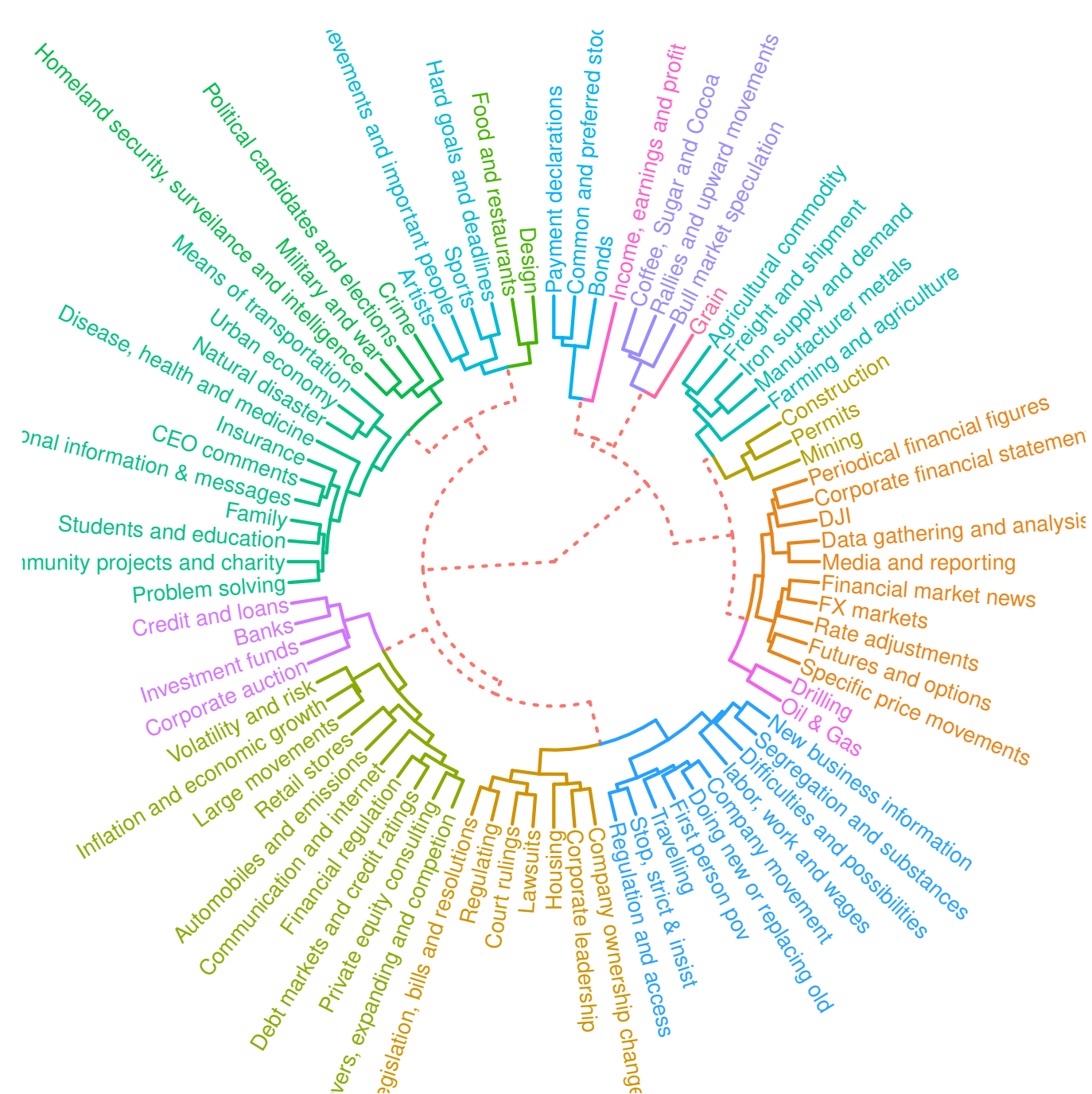
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Journalists' Thinking Process and Variation in News Language



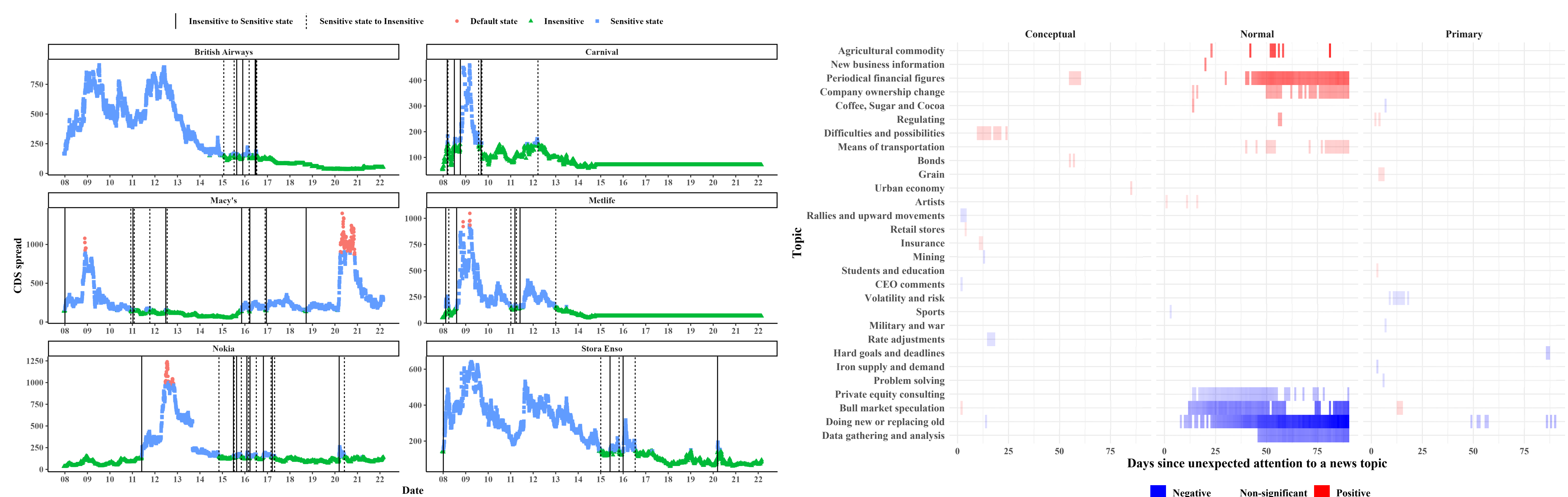
- The Regressive Imaginary Dictionary (Martindale, 1975) is used to measure the psychological thinking process of 4,654 journalists of the Wall Street Journal from the news articles that they have written.
- Topic/news event independent and author driven language differs from primary thinking (irrational, free-associative, sensational, impulsive, concrete and unconcerned with a purpose) to conceptual thinking (rational, reality-oriented, problem solving, logical, conceptual and narrowly focused) process related language across authors. There are large groups of authors who lean to one of these language types.

Measuring Unexpected Attention to News Topics



- We estimate a topic model for all Wall Street Journal article titles from 1890 to 2022 to identify the latent topics discussed in the news.
- A procedure utilizing machine learning is used to estimate the unexpected (unpredictable with past news) part of the daily frequency of each of the 80 topics in the final model.

Journalist-Driven Language Differences and Information Sensitivity in Financial Markets



- We utilize the Gaussian Mixture Model to identify normal days from those days when information is acquired (Google trend index) about a company due to risen default probability (CDS spread).
- We estimate a local projection regression with daily data for 576 companies to identify the effect of unexpected attention on specific news topics to the share of information sensitive companies in the economy.
- By separating unexpected news to different author groups w.r.t their thinking process during writing, we show that the language used by journalists determines whether a news topic serves as a trigger of information sensitivity or not.
- The "information view" for financial crises (Dang, Gorton and Holmström, 2015) states that a financial crisis occurs when debt becomes information sensitive.