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Impact of News and Social Media on Stock Market Sentiment

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Abstract

This study examines how news and social media significantly affect the stock market sentiment, highlighting how these factors affect investor perceptions and market dynamics. Important financial information is spread by traditional news sources, and investor reactions to good or bad news immediately affect stock prices. Simultaneously, social media sites like Reddit and Twitter provide debates and updates in real time, expanding the reach and pace of information sharing. Events such as the GameStop short squeeze demonstrate how significant market moves can result from the activities of prominent individuals and collective retail investor actions on these platforms. The interaction of social media and news frequently results in feedback loops that increase market volatility. Furthermore, the analysis of sentiment data from both sources is made possible by technology developments in machine learning and algorithmic trading, which shed light on market trends. This essay emphasizes how important it is for analysts and investors to take into account the swift and widespread impact of social media and news in their planning, recognizing their contributions to both long-term financial trends and short-term market swings.

Keywords

News Media, Social-Media, Stock Market Sentiment, Information Dissemination, Market Volatility, Investor Perception