CHAPTER THREE

News Effects on the Valuation of Closed-end Country Funds:
Evidence around the Asian Financial Crisis Period

3.1 Introduction

An important question concerning the valuation of closed-end country funds is how fund share price reacts to changes in its fundamental value. Previous literatures focus mainly on the speed of adjustments of fund share price (FSP) to net asset values (NAV) (Lee et al, 1991, Hardouvelis et al., 1994, Bodurtha, Kim, and Lee, 1995). Bodurtha, Kim, and Lee (1995) show that country fund prices do not move as much as their fundamental values following movements in the host country's stock market, but they are too sensitive to movements of small-capitalization U.S. stocks.

Klibanoff et al. (1998) use 36 country funds from 1986 through 1994 and show that country fund prices react more to fundamental values when salient news appeared on *The New York Times*. However, their results are based on the total number of news reports, but they did not consider different categories of news reports on the reaction of fund share prices to net asset value. An interesting question concerning the impact of salient information arrivals on country fund prices is how news reports affect investors' reactions around major financial shocks. We contend that, by examining the relationship between country fund prices and net asset values around the Asian financial crisis period, we are able to offer additional evidence on this issue.

In this chapter we use six Asian closed-end country funds listed on the New York Stock Exchange as our sample and investigate investors' reaction to prominent news around the time of the Asian financial crisis. Our sample period is from January 1995

to December 2002, which covers the time before, during, and after the Asian financial crisis period.   Following Klibanoff et al. (1998), we consider news reports for the six countries that appeared on the front page of *The New York Times* as salient news.   We find that when the return of NAV rises by one in a given week, the return of FSP responds only by about 0.7.   In regular weeks, the returns of fund share prices react less to changes in the returns of net asset values, which are consistent with the results of Klibanoff et al. (1998).   In weeks with salient news appearing on the front page of *The New York Times*, our results show that the returns of FSPs react more.   These results are consistent with the hypothesis that news events lead some investors to react more quickly.   We also find that news effects are more significant before and during the crisis period and economic news affects individual investors' reactions more significantly.   After summarizing the results, we find that the crisis itself is the lower bound for the negative news.

    The rest of this chapter is organized as follows.   Section 3.2 discusses the related country fund literatures.   Section 3.3 describes the data, news events, and methodology. The empirical results are presented in Section 3.4.   Section 3.5 summarizes this chapter.

3.2 Literature Review

3.2.1 The effects of news arrivals on the valuation of asset prices

    The link between information arrivals and the variation of asset prices is an important issue in finance.   Mitchell and Mulherin (1994) use daily news numbers, reported by Dow Jones on the Broadtape, to examine the link between news arrivals and stock prices.   Their results show that there is a significant relationship between

information arrivals and trading volumes, but only a weak link with stock returns. Berry and Howe (1994) count the numbers of news items released by Reuters News Service as their information proxies.   They find a positive relationship between information arrivals and trading volume, but an insignificant relationship with stock market volatility.   Andersen and Bollerslev (1998) use news reports from Reuters News Services and find that unscheduled salient news tends to have more impact than scheduled macroeconomic announcements on the volatility of major exchange rates.

There are some studies that focus on the effects of political and economic news on stock market prices.   Chan and Wei (1996) investigate the news effect on Hong Kong's stock markets concerning political issues of Sino-British negotiations on the handover of Hong Kong, which appeared on the front page of the *South China Morning Post.* Their results show that news events have a positive impact on return volatility.   Chan, Chui, and Kwok (2001) examine the impact of political and economic news on Hong Kong's market trading activity.   Their paper focuses on the effects of the handover of Hong Kong in 1997 and they find that economic news has a distinct impact on trading activities when compared with political news.   They also show that economic news arrivals are associated with more trading volumes than political news reports.   These results are attributed to the investors' perceptual biases.   They conclude that economic news is directly related to the activity of the economy, and so its impact on the stock market will be more certain.   On the other hand, the impact of political news on the economy is relatively indirect and its effect on the stock market is less clear.

3.2.2 Closed-end fund and investors' reactions to news arrivals

It is well known that shares of closed-end funds trade at an average discount to the net asset value of the underlying securities (see Lee, Shleifer, and Thaler (1990), and

Dimson and Minio-Kozerski (1999) for a survey). Though several explanations based on market frictions have been advanced to explain deviations in price and net asset value, only the investor sentiment argument proposed by Lee, Shleifer, and Thaler (1991) can potentially account for the dynamics of such deviations. They argue that market frictions do not provide satisfactory answers to the puzzle that closed-end funds start out at a premium, fluctuate over time, and converge to NAVs when funds are terminated through liquidation, merger, or a conversion to an open-end fund.

Lee et al. (1991) suggest that the presence of noise traders explains all the elements of the puzzle. They assume that small investors, who are usually noise traders, are more likely to invest in closed-end funds and conduct trading based on their sentiments. Thus, closed-end fund prices are affected by the noise trading of small investors, while the underlying assets of the funds (represented by NAVs) show less impact from investor sentiment. Accordingly, noise trading by small investors makes closed-end funds riskier than the underlying portfolios, and hence investors expect a discount (as a risk premium) in buying closed-end fund shares. They also find that closed-end funds as well as small stocks tend to be held by individual investors. Furthermore, closed-end fund discount changes are positively correlated with the firm size premium.[1] In short, discounts on closed-end funds are a proxy for changes in individual investor sentiment.

Klibanoff et al. (1998) provide a theoretical model of closed-end country funds in which irrational traders' incorrect expectations are reflected in market prices. They assume that some traders in the closed-end country fund market are usually slow to react to changes in fundamentals, and major news events lead these traders to react

[1] Several studies (e.g., Chen, Kan, and Miller (1993a, 1993b) and Elton, Gruber, and Busse (1998)) challenge the Lee et al. finding by focusing on the significance of small investor sentiment (measured by closed-end fund discounts) in explaining stock returns. Nevertheless, Chopra, Lee, Shleifer, and Thaler (1993a, 1993b) and Neal and Wheatley (1998) report results that support the contentions of Lee et al.

more quickly than usual to these changes.   They investigate whether dramatic country specific news affects the relationship between country funds' prices and net asset values. Their results show that the arrival of salient news makes individual investors react more quickly to changes in the fundamental value, and a country fund's trading volume has a positive relationship with salient news.

Burch, Emery, and Fuerst (2003) use the horrific events of September 11, 2001 as a natural experiment of the hypothesis that closed-end fund discounts reflect individual investors' sentiment.   They find that country fund discounts worsened dramatically following the attack and then recovered gradually alongside the broader market.   They argue that their findings are consistent with the hypothesis that country fund discounts reflect individual investors' sentiment, which follows a stock market's overall movement.

3.3 Data and Methodology

3.3.1 Data description

Our sample consists of six closed-end country funds, which are listed on the New York Stock Exchange (NYSE).   They are the Indonesia Fund, Korea Fund, Malaysia Fund, First Philippine Fund, Taiwan Fund, and Thailand Fund.[2]   Country funds are one type of mutual funds whose shares are traded on stock exchanges, e.g. the New York Stock Exchange, and are portfolios of equities concentrating on particular foreign countries.   The emergence of closed-end country funds occurred during the 1980s and 1990s in the U.S.   They experienced an impressive growth, from only 4 country funds listed in the U.S. in December 1984 to more than 60 country funds in 1998

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[2] The weekly prices and NAV data were provided by *Bloomberg*.

(Levy-Yeyati and Ubide, 2000).   The investment regions of closed-end country funds include the equity markets of Asia, Europe, Latin America, and Africa.

Lists of general information and summary statistics for these funds are presented in Table 3.1 and Table 3.2.   The sample period is from January 1995 through December 2002, except for the Indonesia Fund, which no longer existed after November 16, 2001. To investigate the effects of the Asian financial crisis, we separate the full sample into two sub-periods, and define the period from the last week of December 1998 as the post-Asian financial crisis period.[3]

Since Asian markets close prior to the trading hours of the NYSE, the reported FSP and NAV are asynchronously traded.   Although the reported FSP and NAV correspond to the same calendar trading day, the bias from asynchronous trading can lead to a serious condition in short horizon data such as daily data.   Bodurtha et al. (1995) and Hardouvelis et al. (1994) employ weekly data and a one-week lag variable, as one of the independent variables, in order to study their regression models of country funds and both of them find such treatments reduce the potential bias problems.   To reduce this potential bias, we use weekly data and adopt lagged variables.

The returns in this chapter are Friday-to-Friday natural log returns, which means one is buying the fund share at the closing price on Friday and holding it until the following Friday's closing.   We define the return on FSP to be $R_t^P = \ln\left(\dfrac{P_t}{P_{t-1}}\right)$ and the return on NAV to be $R_t^{nav} = \ln\left(\dfrac{NAV_t}{NAV_{t-1}}\right)$, where P_t is the share price of the fund and NAV_t is the net asset value.   The premium/discount of a country fund is measured by

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[3] The start date of the post-crisis sample period is set at 1999:01:01 and is determined on key identifiable events during the critical early-1998 period.

$$\ln\left(\frac{P_t}{NAV_t}\right).$$

Table 3.1 shows the general characteristics of all 6 country funds in this chapter. All funds are listed on the New York Stock Exchange.　A negative premium indicates the fund is traded at a discount.　All funds' sample periods start from 1995/01/01 through 2002/12/31, except for the Indonesia fund, because it was delisted after 2001/11/16.　We have 2,435 weekly returns and 64 observations of news events.　In the full sample, there are three funds traded at an average premium.　They are the Indonesia fund, Malaysia fund and Thai fund, and the other three funds are traded at an average discount.　The average magnitude of a fund's premium in the sample with news reports is larger than that in the full sample, which indicates that fund share prices react more to net asset value changes in news samples.

[Insert Table 3.1 around here]

In Table 3.2 the summary statistics show that the return of FSP for the news sample is greater than that for the full sample.　The premium for the news sample is also greater than that for the full sample.　The results in Table 3.2 are consistent with the results in Table 3.1, which indicate that in news weeks, fund share prices react more relatively to changes in net asset values.

[Insert Table 3.2 around here]

3.3.2 News events

The purpose of this chapter is to examine how salient news events affect investors' reaction around the Asian financial crisis period.　We use the return of FSP, R_t^P of closed-end country funds as the proxy of investors' reaction.　Following Klibanoff et al.

(1998), we measure the importance of these news reports using key word searches on the front page of *The New York Times*.   For each country fund, we search from the *LexisNexis Academic* database for key words on these countries from the front page of *The New York Times*.   For example, for the Taiwan Fund, we search for headlines containing the word "Taiwan" or "Taiwanese".   In total, the results show that there are 4,220 news reports about these countries on the front page of *The New York Times*. To focus on more prominent news, we only select news reports containing more than five hundred words.   After the filtering process, we have 64 salient news events.   The news sample is about three percent of the total fund sample.   In Appendix C, we provide some examples of these news reports.

To distinguish the impact of different categories of news reports, we also separate news items into different categories.   We categorize news reports into political news, economic news, and general news according to their contents.   Following Chan et al. (2001), we also separate the news reports into positive-tone news, neutral news, and negative-tone news.   For example, the first headline for the Indonesia fund is "Indonesia Agrees to IMF's Tough Medicine" (see Appendix B).   This headline is categorized as economic and positive tone news.   The first headline for the Taiwan fund is "Chinese, In a Move to Alarm Taiwan, Fire Test Missiles", and this headline is categorized as political and negative tone news.

3.3.3 Research methodology

We use regression models to test the salient news effect on investors' reaction. The proxy of investors' reaction is the return of fund share price, R_t^P, which is treated as the dependent variable for all the models.   In this chapter we also use the fixed-effect

and random-effect panel data regressions for the estimation of the full sample. Because the results of fixed-effect and random-effect in this chapter are similar, in the next section we only report the results from the random effect estimation.

To compare the news effects before and after Asian financial crisis, we further separate the sample into two periods: before and during the crisis period, and for the post-crisis period. We define the sample period from January 1995 to December 1998 as the before and during the crisis period, and from January 1999 to December 2002 as the post-crisis period.[4] The results for the panel data regression in the post-crisis period are set from January 1999 to November 16, 2001 due to a lack of data for the Indonesia funds after 2001.

We add week dummies to control the weekly factors in the models of panel data specification. For example, there are 352 week dummies in the models of the full sample period, and there are 203 week-dummies in the models of before and during the crisis period and 149 week-dummies in the models of the post-crisis period.

3.4 Empirical Results and Discussions

We discuss the regression estimates without incorporating news variables in Section 3.4.1. The effects of news reports on the valuation of country funds are evaluated both for the full sample and around the Asian financial crisis periods in Sections 3.4.2 and 3.4.3. Sections 3.4.4 and Section 3.4.5 report the results of the impact of different categories of news reports for the full sample period and around the Asian financial crisis period, respectively. Section 3.4.6 reveals the results of the

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[4] We also divided the sample period into three sub-periods, 1995/01/01 through 1997/06/30 (pre-crisis period), 1997/07/01 through 1998/12/31 (crisis period), and 1999/01/01 through 2002/12/31 (post-crisis period). The results from this specification are similar to those reported in this chapter. Because some countries have very few news reports in the first sub-period, we only separate the sample into two sub-periods.

reaction of fund share volume to news.

3.4.1 Results of OLS regressions of FSP's reaction on the changes of NAV

We examine the reactions of fund share prices to the changes of net asset values in Table 3.3.   It is seen that fund share prices underreact to the change of the net asset values for all the models.   Panel A in Table 3.3 shows the results from regressions for the full sample period.   We include five fund specific dummy variables for the regressions with panel data to account for the characteristics of funds from different countries.

Model 1 in Panel A shows that when the return of net asset value rises by one, the return of fund share prices responds by 0.6645.   The T-statistic for the net asset value variable is significant at the one percent level.   Model 2 shows similar results when we include the lagged net asset value variables.   It is seen that the incremental information in the lagged net asset values is small and the combined effects of all the parameters of lagged net asset values are less than one.   These results are consistent with the underreaction phenomenon of fund share prices to the changes of net asset value.

[Insert Table 3.3 around here]

Models 3 and 4 also include the contemporaneous country fund discount and the lagged return of fund share price as additional explanatory variables, respectively.   It is seen from Model 3 that a country fund's discount can predict the return of the fund's share price.   Model 4 shows that the lagged return of fund share prices has a negative and significant effect on fund share price changes.   We also include weekly dummy variables in Model 5 and the results are similar to those in Model 4.   These results confirm precious findings that closed-end country fund share prices underreact to

changes in net asset values.

Panel B in Table 3.3 contains results for the six individual country funds using OLS regressions.   It is seen that the Korea Fund has the highest estimated coefficients for the net asset value variable, followed by the Taiwan Fund and the First Philippine Fund.   However, these coefficients are less than one for all the cases.   These results provide more evidence that closed-end country fund share prices underreact to changes in net asset values.

3.4.2 News effects on the underreaction of FSP for the full sample period

To assess whether salient news reports affect the underreaction of fund share prices, we include news dummy variables in the regression analysis and the results are presented in Tables 3.4 and 3.5.   Panel A of Table 3.4 shows that the underreaction of fund share prices is alleviated when we include a news dummy variable in the regressions.   The coefficients for the contemporaneous $News*R^{nav}$ variable are positive, which indicate that when news has appeared on the front page of *The New York Times*, investors of country funds increase their reaction to the changes of the net asset values. From Model 3 in Panel A, we find that the coefficient of net asset value change is 0.4624 during a regular week, which is much smaller than the coefficient (0.5317) during weeks with salient news reports.

[Insert Table 3.4 around here]

Panel B of Table 3.4 contains results for the individual country funds.   The coefficients of R^{nav}_t for six country funds are all less than one, which are consistent with the underreaction phenomenon found in the previous section.   The news effects are significant at the five percent level for the Indonesia Fund and Korea Fund.   The

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coefficient of $News*R^{nav}_t$ for the Korea Fund is negative and significant at the five percent level, which means in a news week the fund share prices react less to changes in net asset values.

3.4.3 News effects on the underreaction of FSP around the Asian financial crisis period

Table 3.5 reports the news effect on the underreaction of fund share prices around the Asian financial crisis.   The news variables are measured by the number of relevant *The New York Times* reports on specific countries.   We define the sample period from January 1995 to December 1998 as the before and during the crisis period, and from January 1999 to December 2002 as the post-crisis period.   A constant term, returns of NAV, the lagged return of fund share price, and the lagged premium are included in regression models as control variables.   In addition to the news dummy variable, we use news multiplied by the lagged return of net asset values as additional variables in the regression models to evaluate their incremental effects.

[Insert Table 3.5 around here]

Panel A of Table 3.5 contains results using panel data regression.   These results also include five fund-specific intercept dummy variables, 203 weekly dummy variables for the before and during Asian financial crisis period, and 149 week dummies for the post-crisis period.   It is seen from Panel A that the news effects are significant at the five percent level before and during the Asian financial crisis period.   In weeks that have salient news reports, the underreaction of country fund share prices is enhanced, because of the negative coefficients of $News*R^{nav}_t$.   In the post-crisis period, all news

dummies are insignificant at the five percent level.   On the other hand, the coefficients

for the *News*R$^{nav}_t$* variable are all significant at the five percent level.   This indicates

that during the post-crisis period, news effects are not significant, but in weeks with

salient news reports, the underreaction of fund share prices to net asset values is

significantly alleviated.

We also examine the results of individual funds in Panel B of Table 3.5.   We find

that the underreaction phenomena mainly come from the results of the Korea Fund and

the Malaysia Fund.   In particular, the news effects of the Korean Fund and the

Indonesia Fund are significant at the five percent level before and during the crisis

period.   In weeks with salient news reports for the Korea Fund, the incremental news

effects are negative and significant at the five percent level.

3.4.4 Different categorized news effects for the full sample period

Table 3.6 shows the results of the news effect according to news characteristics

with random-effect panel regressions.   We categorize all news dummies into three

categories, i.e. political news, economic news, and general news.   We also separate

news reports into positive tone news, neutral tone news, and negative tone news

according to their contents.   To examine the interaction effects of these categories, we

also include nine dummy variables by their cross products.   In addition to these news

dummy variables, we also control 352 weekly dummies in the with-weekly-dummy

variable panel.

[Insert Table 3.6 around here]

We find that economic news reports are significant for with and without-weekly-dummy variable panels.   These results are consistent with the results by Chan et al. (2001) on Hong Kong's stock market reaction to news reports.   Results also show that positive tone news is significant for both with and without-weekly-dummy variable panels.   Negative tone news is less significant in the without-weekly-dummy variable panel.   As to the cross product terms, we find that the economic news with positive tone has a significant effect for both with and without weekly-dummy-variables panels.

The results of a significant economic news effect are intuitive, because economic new is directly related to the activity of the economy and its impact on the stock market will be certain.   The insignificant political news effect shows that the impact of political news on the economy is indirect and its effect on the stock market is less clear.

3.4.5 Different categorized news effects around the Asian financial crisis

We also examine whether the categories of news reports have different effects around the Asian financial crisis period.   In Table 3.7 we use panel data specifications to test the effect around the Asian financial crisis period.   From the result in Table 3.7, we find significant economic news effects for both before-and-during-crisis period and post-crisis period.   The positive tone news is significant at the five percent level in the before-and-during-crisis period, but it is insignificant even at the ten percent level in the post-crisis period.

[Insert Table 3.7 around here]

The effect of positive tone economic news is significant at the five percent level in the before-and-during-crisis period whereas the effect of economic news with a negative tone is significant in the post-crisis period. These results indicate that negative tone news has an insignificant impact during the crisis period, but positive tone news is perceived as having a relatively significant impact during the crisis period. These results intuitively indicate that during the crisis period, no negative news is perceived worse than the financial crisis itself. But in the crisis period, a little positive news will be enhanced and perceived as news better than the news itself. Hence, the crisis itself is the lower bound for the negative news.

In sum, the results in Table 3.7 indicate that economic news reports with a positive tone have more significant effects on country fund investors' reactions to fundamental changes.

3.4.6 The reaction of fund share volume to news

In Table 3.8, we further test to the reaction of fund share volume to news. The results of Panel A show that in full sample period the news significantly affect fund share volume under model one through model three. In Panel B, Before-and-During-Crisis period, news effects are significant for model two and three, whereas it is insignificant in the model with weekly dummy variables. The results from Post-Crisis period, Panel C, show insignificant news effects for all three models.

[Insert Table 3.8 around here]

As to the reaction of volume to categorized news, the results are shown on Table 3.9.   The first column reveals that in full sample period economic news is weakly significant to volume, which is consistent with the results from the return of fund share price. The negative news also shows significant effect to volume.   The above two results are corroborated by the significant coefficient of the cross product of economic news and negative news.   The significant coefficient of the cross product of economic news and negative news is also shown in the Post-Crisis period, in column three. However, neither Before-and-During-Crisis period nor Post-Crisis period shows significant news effect from economic news.

[Insert Table 3.9 around here]

3.5 Summary Remark

Using a sample of six Asian country funds listed on the New York Stock Exchange, we examine whether salient country-specific news affects investors' reaction around the Asian financial crisis.   Our sample period is from January 1995 to December 2002, which covered the period before, during, and after the Asian financial crisis period.

Following Klibanoff et al. (1998), we consider news reports for the six countries that appeared on the front page of *The New York Times* as salient news.   We find that when the return of NAV rises by one in a given week, the return of FSP responds by only about 0.7 (in the model with week dummies, it is about 0.5).   In regular weeks, the return of FSP reacts less to changes in the return of net asset value, which is consistent with the results of Klibanoff et al. (1998).   In weeks with salient news appearing on the front page of *The New York Times*, our results show that the return of

fund share prices reacts more.   These results are consistent with the hypothesis that news events lead some investors to react more quickly.   We also find that news effects are more significant before and during the Asian financial crisis period, and economic news affects individual investors' reactions more than other categories of news reports in our sample period.   These results are consistent with the hypothesis that news events play a role in the magnitude of investors' reaction to changes in the fundamental values of closed-end country funds.

The results considering news tone indicate that negative tone news has an insignificant impact during the crisis period, but positive tone news is perceived having a relatively significant impact during the crisis period.   These results intuitively indicate that during the crisis period, no negative news is perceived worse than the financial crisis itself.   In the crisis period, a little positive news is enhanced and perceived as news better than the news itself.   Hence, we contend that the crisis itself is the lower bound for the negative news.

As to the reaction of volume to news, the results show that news effect is significant in full sample period.   To the reaction of volume to categorized news, economic news is significant in full sample period.   Both of results from returns and volumes are consistent with the results from Klibanoff et al. (1998).

Table 3.1
General Characteristics of the Country Funds

This table shows the general characteristics of all 6 country funds in this study. All the funds are listed on the New York Stock Exchange (NYSE). The funds' premium is expressed by $\ln(P_t / NAV_t)$, a negative premium meaning that the fund is traded at discount. All sample funds have the same sample period, except the Indonesia Fund, because it no longer existed after 2001/11/16.

Fund name	Code	IPO's date	Sample Period	Observation in Full Sample	Observations in News Sample	Average Premium in Full Sample	Average Premium in News Sample
Indonesia Fund	IF	1990/03/01	1995/01/01-2001/11/16	411	18	0.2248	0.4829
Korea Fund	KF	1986/01/02	1995/01/01-2002/12/31	416	5	-0.0720	0.0934
Malaysia Fund	MF	1987/05/08	1995/01/01-2002/12/31	417	2	0.0084	0.4880
First Philippine Fund	FPF	1989/11/08	1995/01/01-2002/12/31	416	8	-0.1715	-0.1460
Taiwan Fund	TWN	1986/12/16	1995/01/01-2002/12/31	417	29	-0.1106	-0.0621
Thai Fund	TTF	1988/02/17	1995/01/01-2002/12/31	358	2	0.1979	0.5454

Table 3.2
Country Funds' Summary Statistics

This table reports the summary statistics for a sample of 6 country funds, using weekly data from 1995 to 2002. There are two panels in this table, Panel A and Panel B. Panel A includes the full samples of this study, with 2435 observations for each variable. Panel B includes only the sample from weeks that contain major news released on *The New York Times* , with 64 observations for each variable. P_t represents the fund share price and NAV_t represents the net asset value of the fund. R^p_t and R^{nav}_t are all distributions' adjusted rate of return in the form of the natural log. $|\cdot|$ is a sign of the absolute value and ln is the natural log which means $\ln(P_t / NAV_t)$ is the log premium.

	Variables				
	R^p_t	R^{nav}_t	$|R^p_t|$	$|R^{nav}_t|$	$\ln(P_t/NAV_t)$
Panel A: Full samples					
No. of sample	2435	2435	2435	2435	2435
Mean	-0.0038	-0.0035	0.0457	0.0544	0.0080
Standard Deviation	0.0603	0.0527	0.0239	0.0256	0.2465
Minimum	-0.4243	-0.4419	0.0057	0.0000	-0.4370
Maximum	0.3501	0.2600	0.0977	0.0440	0.9377
Panel B: News samples					
No. of sample	64	64	64	64	64
Mean	0.0158	-0.0013	0.0568	0.0495	0.1290
Standard Deviation	0.0812	0.0710	0.0597	0.0506	0.3284
Minimum	-0.1414	-0.2214	0.0000	0.0000	-0.2537
Maximum	0.2914	0.2062	0.2914	0.2214	0.8712

Table 3.3
The Reaction of Fund Share Prices to Net Asset Value

This table reports the results of the return of fund share prices (R^p_t) regressing on their own lagged return (R^p_{t-1}), return of net asset value in the form of contemporaneous and lagged returns (R^{nav}_t, R^{nav}_{t-1} and R^{nav}_{t-2}), and the lagged premium ($\ln(P_{t-1}/NAV_{t-1})$). All dependent variables in the regressions are R^p_t. The sample consists of weekly data from 6 Asian country funds listed on NYSE, 1995 through 2002. All regressions include a constant term which is not reported. Panel A contains results using panel data, which include 5 fund-specific intercept dummies (not reported) . Model 5 in Panel A has the same modeling arrangement with model 4, except that we add 352 week-dummies to control for the weekly factors in returns (not reported). Panel B is the result from the individual country fund. P-values are shown in parentheses, ** meaning siginificant at the 5% level and * meaning siginificant at the 10% level.

	R^{nav}_t	R^{nav}_{t-1}	R^{nav}_{t-2}	$\ln(P_t/NAV_t)$	R^p_{t-1}	Obs.
Panel A: Panel data						
Model 1	0.6645					352
	(0.0000) **					
Model 2	0.6765	0.0072	-0.0493			352
	(0.0000) **	(0.7180)	(0.0147) **			
Model 3	0.6852	0.0065	-0.0512	-0.0284		352
	(0.0000) **	(0.7459)	(0.0108)	(0.0000) **		
Model 4	0.6943	0.1076	-0.0511	-0.0238	-0.1508	352
	(0.0000) **	(0.0000) **	(0.0101) **	(0.0000) **	(0.0000) **	
Model 5	0.4672	0.1276	-0.0895	-0.0286	-0.2343	352
	(0.0000) **	(0.0000) **	(0.0001) **	(0.0000) **	(0.0000) **	
Panel B: Individual fund						
Indonesia Fund	0.6111					411
	(0.0000) **					
	0.6300	0.0175	-0.1022			411
	(0.0000) **	(0.7253)	(0.0432) **			
	0.6407	0.0087	-0.1107	-0.0491		411
	(0.0000) **	(0.8598)	(0.0274) **	(0.0041) **		
	0.6366	0.0593	-0.1072	-0.0444	-0.0814	411
	(0.0000) **	(0.3189)	(0.0324) **	(0.0104) **	(0.1278)	
Korea Fund	0.7884					416
	(0.0000) **					
	0.7899	0.0422	0.0089			416
	(0.0000) **	(0.2487)	(0.8077)			
	0.7929	0.0389	0.0066	-0.0280		416
	(0.0000) **	(0.2849)	(0.8563)	(0.0190) **		
	0.7792	0.2066	0.0177	-0.0215	-0.2135	416
	(0.0000) **	(0.0001) **	(0.6201)	(0.0677) *	(0.0000) **	

Table 3.3
The Reaction of Fund Share Prices to Net Asset Value
(continued)

	R^{nav}_t	R^{nav}_{t-1}	R^{nav}_{t-2}	$\ln(P_t / NAV_t)$	R^p_{t-1}	Obs.
Malaysia Fund	0.6103					417
	(0.0000) **					
	0.6122	0.0013	-0.0246			417
	(0.0000) **	(0.9794)	(0.6178)			
	0.6164	-0.0018	-0.0277	-0.0185		417
	(0.0000) **	(0.9712)	(0.5722)	(0.0583) *		
	0.6322	0.1080	-0.0277	-0.0150	-0.1785	417
	(0.0000) **	(0.0585) *	(0.5675)	(0.1227)	(0.0003) **	
First Philippine Fund	0.7158					416
	(0.0000) **					
	0.7218	0.0469	-0.0258			416
	(0.0000) **	(0.2747)	(0.5590)			
	0.7517	0.0415	-0.0331	-0.1172		416
	(0.0000) **	(0.3211)	(0.4410)	(0.0000) **		
	0.7680	0.1969	-0.0272	-0.0904	-0.2166	416
	(0.0000) **	(0.0003) **	(0.5183)	(0.0002) **	(0.0000) **	
Taiwan Fund	0.7128					417
	(0.0000) **					
	0.7486	0.0698	-0.0509			417
	(0.0000) **	(0.1235)	(0.2475)			
	0.7680	0.0760	-0.0449	-0.0449		417
	(0.0000) **	(0.0910) *	(0.3039)	(0.0046) **		
	0.8036	0.2304	-0.0329	-0.0354	-0.2096	417
	(0.0000) **	(0.0001) **	(0.4432)	(0.0239) **	(0.0000) **	
Thai Fund	0.6979					358
	(0.0000) **					
	0.7106	-0.0118	-0.0477			358
	(0.0000) **	(0.8158)	(0.3523)			
	0.7150	-0.0127	-0.0500	-0.0179		358
	(0.0000) **	(0.8002)	(0.3289)	(0.0542) *		
	0.7210	0.0588	-0.0523	-0.0162	-0.1026	358
	(0.0000) **	(0.3330)	(0.3047)	(0.0821) *	(0.0376) **	

Table 3.4

News and Impact of the Reaction of Fund Share Prices to Net Asset Value

This table reports the results of the return of fund share prices (R^p_t) regressing on a news dummy variable, denoted as News. It is measured by the numbers of relevant *The New York Times* headlines on specific countries (at least with the contents above five hundred words) in that week. The sample consists of weekly data from six Asian country funds listed on NYSE, 1995 through 2002. Returns of the net asset value in the form of contemporaneous and lagged returns (R^{nav}_t, R^{nav}_{t-1} and R^{nav}_{t-2}) are included in every regression as control variables. In addition to the News dummy, we use News multiplied by R^{nav}_{t-i} (i=0,1,2) as variables in regression models to show the adding effect of the information on the return of NAV. A constant term, R^p_{t-1} and the lagged premium ($\ln(P_{t-1} / NAV_{t-1})$), are also included in regression models as control variables, but these results are not reported. All dependent variables in regressions are R^p_t.

Panel A contains results using panel data, which aside from the above variables include extra 5 fund-specific intercept dummies as random effect estimators and 352 week dummies to control aggregate factors in returns, which all are not reported. Panel B is the result from the individual country fund without random effect estimators and week dummies. P-values are shown in parentheses, ** meaning significant at 5% and * meaning significant at 10%.

	News*R^{nav}_t	News*R^{nav}_{t-1}	News*R^{nav}_{t-2}	News	R^{nav}_t	R^{nav}_{t-1}	R^{nav}_{t-2}	Obs.
Panel A: Panel data								
Model 1	0.0659			0.0128	0.4625	0.1299	-0.0903	352
	(0.4312)			(0.0398) **	(0.0000) **	(0.0000) **	(0.0002) **	
Model 2	0.0621	-0.0261		0.1276	0.4622	0.1314	-0.0903	352
	(0.4626)	(0.7569)		(0.0406) **	(0.0000) **	(0.0000) **	(0.0002) **	
Model 3	0.0693	-0.0424	-0.1213	0.0122	0.4624	0.1298	-0.0834	352
	(0.4132)	(0.6183)	(0.1518)	(0.0499) **	(0.0000) **	(0.0000) **	(0.0006) **	
Panel B: Individual fund								
Indonesia Fund	0.0762			0.0650	0.6313	0.0858	-0.0891	411
	(0.6013)			(0.0001) **	(0.0000) **	(0.1459)	(0.0741) *	
	0.0717	-0.0297		0.065	0.6310	0.0890	-0.0899	411
	(0.6275)	(0.8397)		(0.0001) **	(0.0000) **	(0.1457)	(0.0728)	
	0.0715	-0.0340	-0.0267	0.0648	0.6314	0.0882	-0.0869	411
	(0.6287)	(0.8192)	(0.8557)	(0.0001) **	(0.0000) **	(0.1515)	(0.1007)	
Korea Fund	-1.2842			0.0549	0.7844	0.2118	0.0177	416
	(0.0028) **			(0.0141) **	(0.0000) **	(0.0001) **	(0.6170)	
	-1.2885	-0.2704		0.0550	0.7862	0.2180	0.0151	416
	(0.0027) **	(0.4385)		(0.0140) **	(0.0000) **	(0.0000) **	(0.6717)	
	-1.2896	-0.2721	-0.1107	0.0550	0.7863	0.2192	0.0163	416
	(0.0027) **	(0.4362)	(0.7487)	(0.0142) **	(0.0000) **	(0.0000) **	(0.6483)	
Malaysia Fund	-1.1357			0.0542	0.6332	0.1052	-0.0327	417
	(0.3353)			(0.2589)	(0.0000) **	(0.0674) *	(0.5020)	
	-1.1373	0.1323		0.0542	0.6341	0.1047	-0.0317	417
	(0.3352)	(0.8754)		(0.2595)	(0.0000) **	(0.0697) *	(0.5188)	
	-1.1406	0.1364	-0.3410	0.0539	0.6345	0.1023	-0.0304	417
	(0.3343)	(0.8717)	(0.6840)	(0.2627)	(0.0000) **	(0.0781) *	(0.5375)	
First Philippine Fund	0.3471			0.0127	0.7588	0.1947	-0.0276	416
	(0.2956)			(0.3507)	(0.0000) **	(0.0003) **	(0.5124)	
	0.3329	0.0899		0.0122	0.7588	0.1936	-0.0283	416
	(0.3219)	(0.7745)		(0.3734)	(0.0000) **	(0.0004) **	(0.5029)	
	0.3321	0.0936	-0.0161	0.0122	0.7588	0.1937	-0.0280	416
	(0.3243)	(0.7715)	(0.9587)	(0.3750)	(0.0000) **	(0.0004) **	(0.5116)	

Table 3.4
News and Impact of the Reaction of Fund Share Prices to Net Asset Value
(continued)

	News*R^{nav}_t	News*R^{nav}_{t-1}	News*R^{nav}_{t-2}	News	R^{nav}_t	R^{nav}_{t-1}	R^{nav}_{t-2}	Obs.
Taiwan Fund	0.1838			0.0060	0.7924	0.2353	-0.0328	417
	(0.3173)			(0.4350)	(0.0000) **	(0.0001) **	(0.4434)	
	0.1852	0.0530		0.0061	0.7920	0.2325	-0.0319	417
	(0.3143)	(0.7738)		(0.4273)	(0.0000) **	(0.0001) **	(0.4573)	
	0.1866	0.0508	-0.0941	0.0062	0.7932	0.2331	-0.0266	417
	(0.3111)	(0.7288)	(0.6081)	(0.4219)	(0.0000) **	(0.0001) **	(0.5488)	
Thai Fund	0.0296			0.0277	0.7235	0.0575	-0.0519	358
	(0.9767)			(0.7225)	(0.0000) **	(0.3448)	(0.3094)	
	0.0186	-0.7392		0.0282	0.7353	0.0655	-0.0529	358
	(0.9854)	(0.1471)		(0.7172)	(0.0000) **	(0.2833)	(0.2998)	
	-0.0167	-0.7431	1.8634	0.0262	0.7706	0.0314	-0.0755	358
	(0.9867)	(0.1391)	(0.0003) **	(0.7332)	(0.0000) **	(0.6055)	(0.1360)	

Table 3.5
The News Effect around the Asian Financial Crisis

This table reports the news effect to return of fund share prices, R^p_t, around the Asian financial crisis. News is the dummy variable and has a value of 1 for relevant *The New York Times* headlines on specific countries (with contents above 500 words) shown in that week. A constant term, returns of NAV in the form of contemporaneous and lagged returns (R^{nav}_t, R^{nav}_{t-1} and R^{nav}_{t-2}), lagged return of fund share price (R^p_{t-1}), and the lagged premium ($\ln(P_{t-1} / NAV_{t-1})$) are included in regression models as control variables, but are not reported. In addition to the News variable, we use News multiplied by R^{nav}_{t-i} (i=0,1,2) as variables in the regression models to show the adding effect of the information on return of net asset value (NAV). The sample consists of weekly data from 6 Asian country funds listed on NYSE, 1995 through 2002. Panel A contains results using panel data, which include 5 fund-specific intercept dummies as random effect estimators and 203 week-dummies for Pre-Crisis and 149 week-dummies for before-and-during-crisis and post-crisis to control the weekly factors in returns, which all are not reported. Panel B contains results of individual country fund without random effect estimators and week dummies. All de[

Before-and-during-crisis is the period from 1995/01/01 to 1998/12/31 for both Panels A and B. Due to data availability, post-crisis is the period from 1999/01/01 to 2001/11/16 for Panel A and from 1999/01/01 to 2002/12/31 for Panel B (except for the Indonesia Fund which is from 1999/01/01 to 2001/11/16). P-values are shown in parentheses, ** meaning siginificant at 5% level and * meaning siginificant at 10% level. N/A represents not available, because zeros occured for all observations in that variable.

	Before-and-During-Crisis Period				Obs.	Post-Crisis Period				Obs.
	News*R^{nav}_t	News*R^{nav}_{t-1}	News*R^{nav}_{t-2}	News		News*R^{nav}_t	News*R^{nav}_{t-1}	News*R^{nav}_{t-2}	News	
Panel A: Panel data										
Model 1	-0.0892 (0.3353)			0.0172 (0.0314) **	203	0.4557 (0.0071) **			0.0069 (0.4814)	149
Model 2	-0.0943 (0.3202)	-0.0237 (0.8033)		0.0173 (0.0308) **	203	0.4568 (0.0070) **	-0.1586 (0.3483)		0.0061 (0.5370)	149
Model 3	-0.0815 (0.3904)	-0.0627 (0.5176)	-0.1978 (0.0385) **	0.0122 (0.0499) **	203	0.4583 (0.0068) **	-0.1613 (0.3404)	0.1424 (0.3969)	0.0059 (0.5489)	149
Panel B: Individual fund										
Indonesia Fund	0.1271 (0.3667)			0.0736 (0.0001) **	207	0.0449 (0.9038)			0.0512 (0.1351)	151
	0.1226 (0.3956)	-0.0215 (0.8791)		0.0737 (0.0001) **	207	0.0524 (0.8887)	-0.0798 (0.8227)		0.0502 (0.1475)	151
	0.1208 (0.4033)	-0.0386 (0.7906)	-0.0748 (0.5983)	0.0727 (0.0001) **	207	0.0736 (0.8119)	-0.0912 (0.7986)	0.2395 (0.5005)	0.0498 (0.1513)	151

Table 3.5
The News Effect around the Asian Financial Crisis

(continued)

	Before-and-During-Crisis Period				Obs.	Post-Crisis Period				Obs.
	$News*R^{nav}_t$	$News*R^{nav}_{t-1}$	$News*R^{nav}_{t-2}$	News		$News*R^{nav}_t$	$News*R^{nav}_{t-1}$	$News*R^{nav}_{t-2}$	News	
Korea Fund	-4.6598			0.3172	207	-1.3795			-0.0033	209
	(0.0000) **			(0.0000) **		(0.0824) *			(0.8629)	
	-4.6722	-0.1054		0.3177	207	-1.3813	-0.0364		-0.0033	209
	(0.0000) **	(0.8140)		(0.0000) **		(0.0831) *	(0.9606)		(0.8636)	
	-4.6861	-0.1104	-0.1012	0.3183	207	-1.3640	-0.0141	0.4652	-0.0032	209
	(0.0000) **	(0.8060)	(0.8179)	(0.0000) **		(0.0877) *	(0.9848)	(0.5279)	(0.8680)	
Malaysia Fund	-1.3161			0.0571	208	N/A			N/A	208
	(0.2342)			(0.2080)						
	-1.3194	0.2114		0.0571	208	N/A	N/A		N/A	208
	(0.2341)	(0.7898)		(0.2093)						
	-1.3241	0.2204	-0.4759	0.0564	208	N/A	N/A		N/A	208
	(0.2332)	(0.7814)	(0.5454)	(0.2157)						
First Philippine Fund	0.4891			0.0188	208	0.3141			0.0126	209
	(0.3906)			(0.3791)		(0.4786)			(0.5090)	
	0.4884	-0.1296		0.0187	208	0.2739	0.2250		0.0107	209
	(0.3924)	(0.8206)		(0.3809)		(0.5419)	(0.5556)		(0.5781)	
	0.4885	-0.1326	-0.6960	0.0189	208	0.3160	0.0961	0.3769	0.0119	209
	(0.3918)	(0.8162)	(0.2219)	(0.3756)		(0.4837)	(0.8117)	(0.3241)	(0.5383)	
Taiwan Fund	0.2826			0.0036	205	0.1241			0.0116	206
	(0.4466)			(0.7946)		(0.5402)			(0.1994)	
	0.2902	0.8155		0.0019	205	0.0942	-0.3809		0.0097	206
	(0.4292)	(0.0183) **		(0.8917)		(0.6432)	(0.0552) *		(0.2815)	
	0.2793	0.8147	-0.2449	0.0062	205	0.1097	-0.3914	-0.2227	0.0106	206
	(0.4477)	(0.0186) *	(0.4781)	(0.4219)		(0.5906)	(0.0490) **	(0.2668)	(0.2413)	

Table 3.5
The News Effect around the Asian Financial Crisis
(continued)

	Before-and-During-Crisis Period				Obs.	Post-Crisis Period				Obs.
	News*R^{nav}_t	News*R^{nav}_{t-1}	News*R^{nav}_{t-2}	News		News*R^{nav}_t	News*R^{nav}_{t-1}	News*R^{nav}_{t-2}	News	
Thai Fund	N/A			0.0202	208	N/A			0.0266	209
				(0.7036)					(0.6272)	
	N/A	-0.2021		0.0209	208	N/A	-4.1939		0.0281	209
		(0.6972)		(0.6953)			(0.0253)		(0.6038)	
	N/A	-0.2273	1.6796	0.0229	208	N/A	-4.1045	3.4516	0.0262	209
		(0.6545)	(0.0015) **	(0.6607)			(0.0277) **	(0.0666) *	(0.7332)	

Table 3.6
Different Effects of Different Categories of News Reports on the Reaction of County Fund Prices and Net Asset Values

This table shows the results of the news effect according to news characteristics, employing panel data with random effects. The sample consists of weekly data from six Asian country funds listed on NYSE, 1995 through 2002. We categorize all news dummies into the following dummy groups. PLNews: political news, ECNews: economic news, GNNews: general news, PSNews: positive tone news, NUNews: neutral tone news, and NGNews: negative tone news. We also include nine dummy variables, e.g. PLNews*PSNews, to capture the interaction effects. All regression models include a constant term and five fund-specific intercept dummies, and they are controlled by contemporaneous and lagged returns of net asset value (R^{nav}_t, R^{nav}_{t-1}, and R^{nav}_{t-2}), lagged return of fund share price (R^p_{t-1}) and lagged premium ($\ln(P_{t-1}/NAV_{t-1})$). Additionally, the three models under the column titled With Weekly Dummy Variables are further controlled by 352 week-dummies. For all, only the news variables are reported.

P-values are shown in parentheses, ** meaning siginificant at 5% level and * meaning siginificant at 10% level. N/A represents not available, because zeros occurred for all observations in that variable. All dependent variables in regressions are R^p_t.

	Without Weekly Dummy Variables			With Weekly Dummy Variables		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
PLNews	0.0093			0.0088		
	(0.2826)			(0.2808)		
ECNews	0.0577			0.0333		
	(0.0000) **			(0.0014) **		
GNNews	0.0024			-0.0104		
	(0.8987)			(0.5497)		
PSNews		0.0363			0.0245	
		(0.0001) **			(0.0058) **	
NUNews		-0.0032			-0.0033	
		(0.8715)			(0.8599)	
NGNews		0.0186			0.0072	
		(0.0554) *			(0.4246)	
PLNews*PSNews			0.0189			0.0123
			(0.1364)			(0.3018)
PLNews*NUNews			-0.0027			0.0089
			(0.9111)			(0.6977)
PLNews*NGNews			0.0027			0.0054
			(0.8342)			(0.6587)
ECNews*PSNews			0.0800			0.0536
			(0.0000) **			(0.0002) **
ECNews*NUNews			N/A			N/A
ECNews*NGNews			0.0304			0.0098
			(0.0535) **			(0.5065)
GNNews*PSNews			-0.0501			-0.0269
			(0.1453)			(0.4039)
GNNews*NUNews			-0.0052			-0.0281
			(0.8798)			(0.3854)
GNNews*NGNews			0.0521			0.0209
			(0.0687) *			(0.4359)
No. of Obs.	352	352	352	352	352	352

Table 3.7
Categorized News Effects around the Asian Financial Crisis Period

This table shows the results of the news effect according to news characteristics, employing panel data with random effects. The sample consists of weekly data from six Asian country funds listed on NYSE, 1995 through 2002. We categorize all news dummies into the following dummy groups. PLNews: political news, ECNews: economic news, GNNews: general news, PSNews: positive tone news, NUNews: neutral tone news, and NGNews: negative tone news. We also include nine dummy variables, e.g. PLNews*PSNews, to capture the interaction effects. All regression models include a constant term and five fund-specific intercept dummies, and are also controlled by contemporaneous and lagged returns of net asset value (R^{nav}_{t}, R^{nav}_{t-1}, and R^{nav}_{t-2}), lagged return of fund share price (R^{p}_{t-1}), lagged premium ($\ln(P_{t-1}/NAV_{t-1})$) and 203 week-dummies for before-and-during-crisis and 149 week-dummies for post-crisis. For all variables, only the news variables are reported.

Before-and-during-crisis is the period from 1995/01/01 to 1998/12/31 and post-crisis is the period from 1999/01/01 to 2001/11/16. P-values are shown in the parentheses, and ** is significant at 5% level and * is significant at 10% level. N/A represents not available, because zeros occurred for all observations in that variable. All dependent variables in regressions are R^{p}_{t}.

	Before-and-During-Crisis Period			Post-Crisis Period		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
PLNews	0.0126			0.0085		
	(0.3784)			(0.4480)		
ECNews	0.0549			0.0579		
	(0.0000) **			(0.0163) **		
GNNews	-0.0054			0.0291		
	(0.7953)			(0.4390)		
PSNews		0.0524			0.0156	
		(0.0000) **			(0.2957)	
NUNews		-0.0089			0.0031	
		(0.7417)			(0.9153)	
NGNews		0.0140			0.0249	
		(0.2872)			(0.0844) *	
PLNews*PSNews			0.0376			0.0095
			(0.0729) *			(0.5620)
PLNews*NUNews			-0.0038			-0.0032
			(0.9067)			(0.9279)
PLNews*NGNews			-0.0096			0.0100
			(0.6810)			(0.5390)
ECNews*PSNews			0.0881			0.0467
			(0.0000) **			(0.1933)
ECNews*NUNews			N/A			N/A
ECNews*NGNews			0.0178			0.0628
			(0.3180)			(0.0814) *
GNNews*PSNews			-0.0501			N/A
			(0.1266)			
GNNews*NUNews			-0.0199			0.0163
			(0.6685)			(0.7472)
GNNews*NGNews			0.049			0.037
			(0.1368)			(0.5492)
No. of Obs.	203	203	203	149	149	149

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Table 3.8
The Reaction of Volume to News

This table contains the results of news effect to fund shares volume. $News_t$ is the dummy variable and has a value of 1 when relevent country-specific headlines, with contents above 500 words, show on *The New York Times*. The sample consists of weekly data from 6 Asian country funds listed on NYSE, from 1995 to 2001. All panels in this table include a constant term, 5 fund-specific intercept dummies, and weekly dummy variables for model 3 as control variables, which are not reported. All dependent variables in the regressions are $Ln(Volume_t)$. Panle A is the results for full sample period, 1995 through 2001. Panel B is the results from Before-and-during Crisis period, 1995 through 1998, and Panel C is the results from Post-Crisis period, 1999 through 2001. P-values are shown in parentheres, ** meaning siginificant at 5% level and * meaning siginificant at 10% level.

	Model 1	Model 2	Model 3
Panel A: Full sampl period			
$News_t$	0.3657	0.153	0.1589
	(0.0001) **	(0.0431) **	(0.0340) **
$Ln(Volume_{t-1})$		0.5899	0.4318
		(0.0000) **	(0.0000) **
Adjusted R^2	0.6451	0.7694	0.8539
No. of Obs.	352	352	352
Panel B: Before-and-During-Crisis period			
$News_t$	0.5249	0.1581	0.1366
	(0.0000) **	(0.0947) *	(0.1458)
$Ln(Volume_{t-1})$		0.6458	0.5627
		(0.0000) **	(0.0000) **
Adjusted R^2	0.6303	0.7858	0.8635
No. of Obs.	203	203	203
Panel C: Post-Crisis period			
$News_t$	0.1913	0.1294	0.0943
	(0.1486)	(0.2789)	(0.4159)
$Ln(Volume_{t-1})$		0.4339	0.1943
		(0.0000) **	(0.0000) **
Adjusted R^2	0.7061	0.7621	0.8560
No. of Obs.	149	149	149
Weekly Dummy variables	No	No	Yes

Table 3.9

The Reaction of Volume to Categorized News Around the Asian Financial Crisis

This table contains the results of the reaction of volume to categorized news by full sample period, Before-and-During-Crisis period and Post-Crisis period. The sample consists of weekly data from six Asian country funds listed on NYSE, form 1995 to 2001. We categorize all news dummies into the following dummy groups. PLNews: political news, ECNews: economic news, GNNews: general news, PSNews: positive tone news, NUNews: neutral tone news, and NGNews: negative tone news. We also include nine dummy variables, e.g. PLNews*PSNews, to capture the interaction effects. All regression models include a constant term, five fund-specific intercept dummies, weekly dummy variables, and are also controlled by lagged volume, Ln(Volume$_{t-1}$). Before-and-during-crisis is the period from 1995/01/01 to 1998/12/31 and post-crisis is the period from 1999/01/01 to 2001/11/16. P-values are shown in the parentheses, and ** is significant at 5% level and * is significant at 10% level. N/A represents not available, because zeros occurred for all observations in that variables. All dependent variables in the regressions are Ln(Volume$_t$).

	Full sample Period (Column 1)			Before-and-During-Crisis Period (Column 2)			Post-Crisis Period (Column 3)		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
PLNews	0.1488			0.2339			0.0452		
	(0.1205)			(0.1158)			(0.7202)		
ECNews	0.2551			0.1411			0.4356		
	(0.0569) *			(0.3159)			(0.1609)		
GNNews	-0.0974			-0.0908			-0.4406		
	(0.6603)			(0.6756)			(0.4999)		
PSNews		0.1613			0.1557			0.0753	
		(0.1234)			(0.2170)			(0.6564)	
NUNews		-0.1963			-0.1629			-0.134	
		(0.4172)			(0.5620)			(0.7431)	
NGNews		0.2349			0.2016			0.1489	
		(0.0387) **			(0.1917)			(0.3612)	
PLNews*PSNews			0.2298			0.3576			0.0994
			(0.1025)			(0.1027)			(0.5918)
PLNews*NUNews			-0.0956			0.0367			-0.1315
			(0.7237)			(0.9149)			(0.7477)
PLNews*NGNews			0.1337			0.1895			0.0326
			(0.3577)			(0.4384)			(0.8598)
ECNews*PSNews			0.1097			0.0919			0.0552
			(0.5212)			(0.5934)			(0.8934)
ECNews*NUNews			N/A			N/A			N/A
ECNews*NGNews			0.4501			0.2461			0.8213
			(0.0317) **			(0.3110)			(0.0476) **
GNNews*PSNews			-0.0967			-0.0965			N/A
			(0.7999)			(0.7782)			
GNNews*NUNews			-0.5945			-0.5537			N/A
			(0.2709)			(0.2538)			
GNNews*NGNews			0.0099			0.1648			-0.8219
			(0.9753)			(0.6329)			(0.2457)
No. of obs.	352	352	352	203	203	203	149	149	149

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