Mass media effects on stock market liquidity:

Television broadcasting evidence from Japan

Hiroyuki Aman

Kwansei Gakuin University

Norihiro Kasuga

Kinki University

Hiroshi Moriyasu

Nagasaki University

Abstract

This paper examines how information dissemination through the mass media influences market liquidity as measured by market spread and depth. In addition to the diffusion of news via corporate disclosure and print media coverage, we employ television program data from Japan, a form of information release not commonly explored in the finance literature. Our main results are as follows. First, increased information flow through television broadcasting is generally associated with a wider bid–ask spread, and this is consistent with the notion that new information arrival in the market widens the information gap between informed and uninformed investors. Second, much media exposure through television relates to greater market depth. This finding supports the argument that television broadcasting contributes to improvements in market liquidity by enhancing investor awareness of firms.

Key wards: liquidity, mass media, television broadcasting

JEL classification: G14, L82