

The Effect of Investor Sentiment toward an Exchange Merger on Liquidity

Takanori Hisada *

Abstract

This study investigates the relationships among an exchange merger, investor sentiment, and liquidity by analyzing data from the 2013 merger of the Tokyo Stock Exchange and Osaka Securities Exchange. In contrast to prior studies, this study considers the investor sentiment effect of the merger. Synergy and the investor sentiment effect occur in the short run with liquidity increases. The investor sentiment effect occurs more strongly in small stocks.

Keywords: Investor sentiment, Exchange merger, Liquidity

*Graduate School of Economics, Osaka University, Machikaneyama 1-7, Toyonaka.Osaka 560-0043, Japan. E-mail: pge023ht@student.econ.osaka-u.ac.jp