



THE EFFECT OF STOCKTWITS ON THE STOCK'S  
RETURN, VOLATILITY AND ITS TRADING  
VOLUME

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## ABSTRACT

Social media implication on stock market can be considered as one channel to disseminate news. One of the social media commonly used among financial analyst, traders and those who has interest on market is Stocktwits; once a subsidiaries of Twitter. Therefore, this paper attempt to investigate the effect of Stocktwits on stock market return, volatility and trading volume through two dimensions; sentiment and volume of posts. The Eviews software was used to deal with time series data in measuring the relationship between independent variables and dependent variable. The data comprised two months period of stock prices on daily basis where stock data were obtained from NASDAQ for all 12 industries represented by two most mentioned stocks in the Stocktwits tickers. Interestingly, posts contain 'bear' word has significant impact on the market stock return whereby market return move drastically when huge number of bearish sentiment were being spread. Meanwhile, volume of posts in Stocktwits also has significant impact on stock's volatility. In addition, volume of posts (stock ticker) also had a positive relationship with the next day trading volume. To surmise, stocktwits has significant impact on the market performance.