

# Push to Read and Trade

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## Introduction

Attention is a double-edged sword. It plays a complex dual role in financial markets. On one hand, attention motivates investors to conduct stock research and trade according to the signals, potentially improving price discovery. On the other hand, attention may discourage stock research and trading when investors believe the news is already priced in or when strategic complementarities make them hesitant to act. In this paper, I examine the dual role of attention through the lens of mobile push notifications.

## Highlights



### Natural Experiment

Leveraging 7% technical failure rate in push notification delivery to create a quasi-experimental setting.

### Novel Findings

Push notifications significantly impact both passive news consumption and active stock research, with stronger effects for stocks in investors' watchlists (8.5% increase), portfolios (35% increase), and focus lists (22.4% increase).

### Empirical Contribution

First study to disentangle the attention-grabbing effect of push notifications from the impact of news itself.

## Challenges

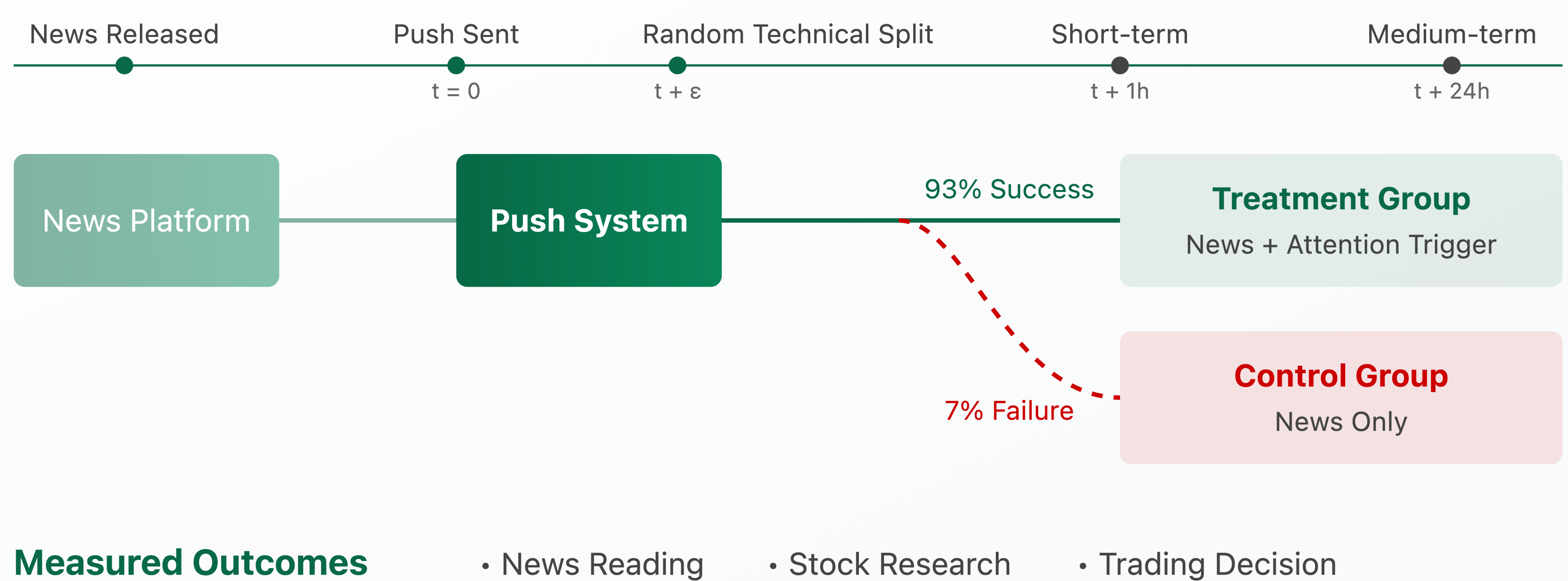
Components of mobile push notifications:

- News/information/trading signals
- Exogenous attention triggers
- Other investors' information sets

Push notifications are endogenous. The recommender system matches features between news and investors. As a result, investors are more likely to receive pushes about stocks they are closely tracking, such as those in their watchlist.

⇒ Ideally, I would like to understand the impact if the investor did *not* receive the push.

## Experiment



## Push Triggers "Active" Stock Research

Short-term Effect (t, t+1h]

Baseline Push Effect

**+2.7%\*\*\***

Fixed Effects Included:

**News + User**

N = 4,187,269 | Within R<sup>2</sup> = 3.55% | Between R<sup>2</sup> = 22.56% | Overall R<sup>2</sup> = 4.91%

Medium-term Effect (t+1h, t+24h]

Persistent Effect

**-0.3%**

Interaction Effects

Watchlist Stocks

**+8.5%\*\*\***

Portfolio Stocks

**+35%\*\*\***

Focuslist Stocks

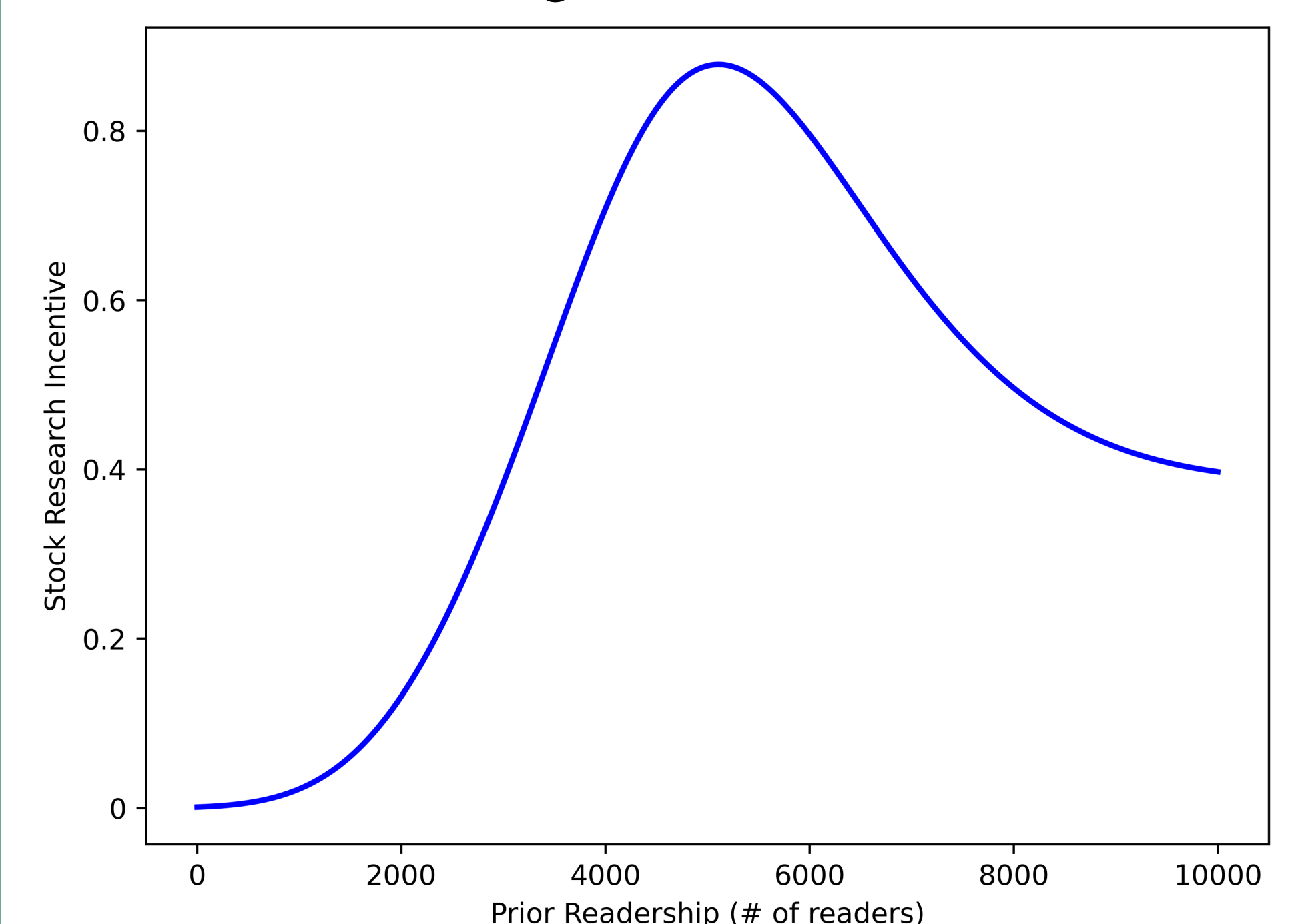
**+22.4%\*\*\***

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Dependent Variable: Log Stock Click Count

## Queue to Read and Trade?

What if investors are informed about the prior readership? If attention plays a dual role, an inverted U-curve emerges.



This mechanism is explored further in my job market paper "Queue to Read and Trade."