

Beyond Major Announcements: The Effect of Minor News on Indian Tourism Stocks During COVID-19

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Abstract: The COVID-19 pandemic has caused unprecedented disruption to the global economy, with the travel and hospitality sectors being particularly affected. While the impact of major news events on stock markets is well-documented, the effect of minor news events is relatively unexplored. This study addresses this gap by examining the influence of minor news events on hotel and airline stocks during the pandemic. Utilizing a comprehensive event-study approach, this study analyzes the abnormal returns of five hotel stocks and three airline stocks in response to ten minor news events related to the pandemic, including government announcements, easing travel restrictions, and updates on the pandemic's spread. Our findings indicate that minor news events can significantly and persistently impact stock prices in these industries. Specifically, hotel stocks experience an average cumulative abnormal return of 1.66% on the day of a positive news announcement, while airline stocks experience an average cumulative abnormal return of -1.63% on the day of a negative news announcement. These effects persist even after a week, suggesting that investors are highly sensitive to minor news events. By highlighting the often-overlooked impact of minor news events, this research provides a nuanced perspective on the factors driving stock market performance in the travel and hospitality sectors during times of crisis and adds a new perspective to financial market research.

Keywords: Stock Returns, Government Policies, Pandemic, Event study, Tourism Stocks, Financial Markets

JEL Classification Number: G14, G01, G28

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