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This month's focus: **Big Data and the Future of Finance**

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The importance of data is increasing in the 21st century, the so-called Big Data era. A forerunner in the use of data, Yahoo Japan Corporation has achieved numerous positive results which have proved that the combination of data generates significant effects. Yahoo Japan Corporation announced the DATA FOREST Initiative in the strong belief that inter-enterprise data collaboration will lead to a multilateral understanding of users and value generation. Various successful cases in the demonstration tests will be converted into services, and public announcements are planned in fiscal 2019.

Analyzing the Relationship between News and Stock Markets through High Frequency Data	<i>Aiko Suge / Hiroshi Takahashi, CMA</i>	15
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A news article is one of the most important information sources in financial markets. In this study, we analyzed the relationship between news articles and stock markets through high frequency data derived from the Tokyo stock market. The LSTM (long short-term memory) block, noted as a useful method for natural language processing, was applied for building a news article classification model. We found 1) building a news classification model for stock exchange analysis by using high frequency data is indeed possible, and 2) trading volumes increase after news is published. These findings are important in understanding the process of how information is reflected in market prices. Further investigation is required for the future.

Big Data in Accounting Research	<i>Katsuhiko Muramiya / Hitoshi Takehara</i>	25
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We discuss stock market-based accounting research using tick-by-tick data, which can be considered “Big Data,” from two perspectives. First, we review and highlight recent research advances on the link between accounting information and price discovery in the high-frequency trading era. Second, we also shed light on the immediate trading volume reaction and the dynamics of the price reaction to new information in earnings forecast revisions disclosed by managers. Using five-minute interval volume and transaction price data, we found that: (1) volume reaction within 30 minutes of the news release became significantly larger after the launch of “arrowhead” on 4 January 2010;

(2) forecast revision announcements during regular trading hours led to greater abnormal trading volumes than those made after the market had closed; and (3) price adjustment was faster for announcements of good news during regular trading hours in the post-arrowhead period relative to those of bad news after the closing bell in the pre-arrowhead period. Finally, we discuss the unsolved issues and directions for future accounting research.

Effect of Investor Attention on IPO Pricing: Evidence from Japanese Book Building

..... *Hidenori Takahashi / Katsuhiko Okada* 36

This paper examines the effect of investor attention on initial public offering (IPO) first-day returns. As a measure of investor attention, we use page views of the issuing firm’s website and analyze the relationship between page views and first-day returns. We find a positive relationship between page views during the post-book building period and first-day returns; we also find that changes in the offer price were not related to page views, implying that the page view-based attention measure captures attention from individual investors, rather than institutional investors, who have private information. These results suggest that higher individual investor attention leads to higher IPO first-day returns.

33rd SAAJ Annual Conference: *Work Style Innovation: Response of Corporations and Analysts*

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