

Abstract

This thesis investigates the impact of domestic political news on the Prague Stock Exchange, focusing on the Prime Market segment. By employing both panel data and dynamic panel data models, we examine the influence of political news on stock price volatility. Our findings reveal that political news significantly impacts price changes during trading hours, while non-trading hours remain unimpacted. We also observe strong autocorrelation in price changes. No significant day-of-week effect on price changes during trading hours was found. However, non-trading hours show distinct price change patterns on Tuesdays and Fridays. These results offer valuable insights for investors and policymakers, highlighting the role of political news in market dynamics.

JEL Classification C33, G12, G14, H79,

Keywords volatility, stock exchange, dynamic panel data, domestic political news

Title The Impact of Domestic Political News on Prague Stock Exchange in the Years 2022 and 2023: A Study on Market Activity and Price Dynamics