

FIN17

The Impact of Investor Sentiment on Share Liquidity: Examining the Roles of Religiosity and the COVID-19 Pandemic

John Garcia, [Ran Lu-Andrews](#)

California Lutheran University, Thousand Oaks, CA, USA

Abstract

This study investigates the moderating role of religiosity and the COVID-19 pandemic on the relationship between investor sentiment, derived from Twitter and news media, and share liquidity. We find that Twitter sentiment negatively relates to liquidity, whereas news sentiment positively relates to liquidity. Notably, this sentiment-liquidity linkage is muted for firms in more religious regions, indicating a tempering effect of religiosity. The study also reveals that the influence of Twitter sentiment on liquidity diminishes post-COVID-19, while the positive impact of news sentiment weakens, suggesting the pandemic's role in reshaping sentiment's predictive power. Our findings contribute to the behavioral finance literature by demonstrating how religiosity and the COVID-19 pandemic moderate the relationship between investor sentiment and share liquidity. This underscores the importance of combining cultural nuances with digital trends to deepen our understanding of financial market dynamics.

Conference Track

Finance and Investment