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Professor Ronnie Sadka is Senior Associate Dean and chairperson of the Seidner Department of Finance at the Carroll School of Management, Boston College. His research has examined market liquidity, the influence of media on financial markets, and retail investor behavior. More recently, he has focused on developing methods to quantify economic narratives and assess their impact on financial markets. This work forms the foundation of products developed by MKT MediaStats, a company he co-founded. Prior academic experience includes teaching at the University of Chicago (Booth) and New York University (Stern); industry experience includes Goldman Sachs Asset Management and Lehman Brothers (quantitative strategies). Professor Sadka earned a B.Sc. (Magna Cum Laude) in industrial engineering and a M.Sc. (Summa Cum Laude) in operations research, both from Tel-Aviv University. He received a Ph.D. in finance from Northwestern University (Kellogg).



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Keynote Lecture: Transforming Attention to Economic Narratives into Market and Risk Insights

Abstract:

Economic narratives, conveyed through stories, capture investors' attention and influence asset prices. But how can these intangible concepts be systematically quantified and incorporated into investment decisions?

We quantify thousands of economic narratives using vast collections of point-in-time media articles and demonstrate that narrative attention has a first-order impact on security prices. Our methodology enables us to distinguish economically consequential narratives from media hype, while also identifying impactful narratives that have yet to attract widespread attention.

The systematic quantification of economic narratives gives rise to a new class of economically interpretable factor risk models based on narrative betas, providing a framework for measuring portfolio exposures to evolving economic themes.

Our research further demonstrates that investors tend to underreact to slow-moving narratives and overreact to rapidly evolving ones, creating predictable differences in expected returns across securities and asset classes. We illustrate the practical implications of these findings through dynamic, systematic multi-asset investment strategies.