



TURKISH STEEL PRODUCER COMPANIES' REACTION TO TRUMP'S AUGUST 10, 2018 TWEET OF DOUBLING TARIFFS: AN EVENT STUDY ANALYSIS

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ABSTRACT

Purpose- Stock markets are reacting to different events that happened inside or outside the company. The dissemination of information on social media is one of the events affecting the performance stock market. The main aim of this paper is to examine the reaction of steel producer companies listed in Borsa Istanbul to Trump's tweet of doubling tariffs on steel products importing from Turkey to the US on August 10, 2018.

Methodology- The event study analysis was applied to investigate the impact of Trump's Tweet. Daly adjusted closing prices for sample companies and BIST100 index covering 156 days between January 1, 2018 - August 17, 2018, was collected from Yahoo's finance Website. The selected sample companies for this study are Çemtas Çelik Makina Sanayi ve Ticaret (CEMTS), Ereğli Demir ve Çelik Fabrikalari (EREGL, Gentas Genel Metal Sanayi ve Ticaret (GENTS), Iskenderun Demir ve Çelik (ISDMR) andKardemir Karabük Demir Çelik Sanayi Ve Ticaret (KRDMD). The market model was used to determine the normal stock return in the estimation period. A t-test was used to examine the significance of abnormal returns of sample companies' stock. BIST100 index used as a proxy of the market.

Findings- The finding shows that from the sample companies investigated in this study; CEMTS, EREGL, GENTS and KRDMD stocks are not significantly affected by Trump's tweet. ISDMR was the only stock among the samples vent that affected by the negatively and significantly with t-statistic (-2.18) at 5% significance level.

Conclusion- In general, the finding of the study indicated that Trump's Tweet was not significantly affected the performance of Turkey's steel producer companies listed in Borsa Istanbul.

Keywords: Abnormal return, market model, social media, stock market, tariff, twitter

JEL Codes: G10, G11, G14

1. INTRODUCTION

The share prices of companies listed in the stock market have been showing a change over time. The change may happen within a day or an hour or even within a minute. The change or movement of the stock price frequently is a result of different factors. These factors may be company-specific factors like earning announcement, stock split, merger and acquisition; orgeneral macroeconomic factors like inflation, money supply, interest rate and exchange rate (Al-Tamimi, et al, 2011). In the contemporary world, social media also have a significant effect on stock prices. Information released in social media about a specific company, industry or country has an impact on the stock market performance of the targeted entity. However, if the market is efficient, the information about the event will reflect on the stock price automatically and no one can beat the market using the information regarding the event that happened. Fama (1970) defined an efficient market as "a market in which prices always fully reflect available information" and he classified efficient market into three categories i.e. weak form, semi-strong and strong form. In a weak form of market efficiency, no one can predict the future price of the stock by using historical prices. It is impossible to beat the market by analyzing the historical price because the historical

information is already reflected in the current stock price. In a semi-strong form of an efficient market, it states that including historical price information, the publicly announced new information is reflected on the stock price quickly and properly. Investors cannot gain abnormal return by analyzing historical information and publicly announced information. The strong form of efficient market claims that current stock price reflects not only historical price and publicly available information, but also the insider's information.

The impact of information disseminated on social media regarding a country or a specific company is used to test the efficiency of the stock market at the semi-strong form. The politician's social media manipulation is one of the contemporary issues that affect the performance of the stock market return. Social media like Twitter, blogs, and forums have a significant effect on the stock market. Studies like Bollen, Mao & Zeng (2011), Chen, De, Hu, & Hwang (2011), Luo, Zhang & Duan (2013), Yu, Duan & Cao (2013) and Chen, De, Hu & Hwang (2014) identified that social media have a power that affects stock market movement.

Tweets from President Trump's official Twitter account about a specific firm or country is one of the well-known events that affect the stock market positively or negatively. After Donald Trump won the U.S. presidential election on November 8, 2016, he used Twitter to attack or support specific companies and countries. Trump's tweet on January 5, 2017, about Toyota company's plans to build Corolla cars at a new facility in Mexico, is one of the best examples that show his tweet effect on the stock market. Trump said in a post on Twitter "Toyota Motor said will build a new plant in Baja, Mexico, to build Corolla cars for the U.S. NO WAY! Build plant in U.S. or pay big border tax." Immediately after the tweet, Toyota's American Depository Receipts (ADRs) trading volume declined and the price has fallen by more than one dollar (Ge, Kurov & Wolfe, 2017).

In-country level, Trump posts a lot of tweets about China. Among his tweet, on December 4, 2018, he said:

"We are either going to have a REAL DEAL with China or no deal at all - at which point we will be charging major Tariffs against Chinese product being shipped into the United States. Ultimately, I believe, we will be making a deal - either now or into the future...." (Phillips, 2018).

Following this tweet, Caterpillar and Boeing shares dropped suddenly by 6.9 percent and 4.9 percent respectively. These companies export a significant sale to China (Phillips, 2018). In another tweet on February 25, 2019, he said:

"productive talks, I will be delaying the U.S. increase in tariffs now scheduled for March 1. Assuming both sides make additional progress, we will be planning a Summit for President Xi and myself, at Mar-a-Lago, to conclude an agreement. A very good weekend for U.S. & China!" (Dunkley & Lockett, 2019).

Resulted from this tweet, China's CSI 300 index of firms listed in Shanghai and Shenzhen increased by 5.9 percent. This performance is the best one-day gain to CSI 300 index in more than three years (Dunkley & Lockett, 2019).

Turkey is also one of the countries affected by Trump's Tweeter manipulation. In 2018, the relation between Turkey and the USA goes to worsen due to different reasons. The support of USA to the Syrian-Kurdish People's Protection Units (YPG) which declared by Turkey as terrorist organization, the coup attempt on July 15, 2016 in Turkey by Fethullah Gülen who has been living in the United States, the agreement of Turkey with Russian to buy S-400 missile defence system, the detained and arrested of American citizen named Andrew Brunson in Turkey over alleged links to the Gülen movement and PKK by Turkey, and others are among the reasons that affect the relation between US and Turkey (Arslan, Dost & Wilson, 2018).

Due to the above-mentioned political disagreements between the US and Turkey, the tweets by Trump regarding Turkey is affecting Turkey economy highly. Since the start of 2018 until August 2018, Turkish Lira had depreciated by around 40 per cent against the US dollar (Gunerigok, 2018). On August 10, 2018, Trump tweeted:

"I have just authorized a doubling of Tariffs on Steel and aluminium with respect to Turkey as their currency, the Turkish Lira, slides rapidly downward against our very strong Dollar! Aluminium will now be 20% and Steel 50%. Our relations with Turkey are not good at this time!" (Gunerigok, 2018).

Turkey is among the top 10 steel producer countries in the world. In 2018, Italy, Israel, Spain and the United States are the largest 4 markets for Turkey's steel export (Global Steel Trade Monitor, 2018). Trump threatened Turkey in his tweet to doubling of Tariffs on Steel and aluminium. Therefore, it is expected that this Tweet has an impact on the Turkish economy generally and on steel producer companies specifically.

The main aim of this paper is to examine the reaction of Turkey's Steel Producer Companies listed in Borsa Istanbul to Trump's Tweet to Doubling Tariffs on Turkish Steel Imports from Turkey. When this information disseminated in local and international media, investors who have a stock investment in Turkey's steel producer companies worry about whether the event affected

or not his investment. Therefore, the researcher assessed the reaction of Turkey's steel producer companies to Trump's tweet by using an event study analysis.

This paper has been divided into four sections. The first section covers the introduction part and the second section dedicated to reviewing the literature related to this study. The research methodology is described in section three. In the fourth section, the findings of the study are presented. Finally, the last part of the paper covers the conclusions of the study.

2. LITERATURE REVIEW

There are several pieces of research done to identify the determinates of stock market performance. In the era of the internet, the impact of social media on stock market performance is one of the topics has been gaining attention by academicians. The usage of social media by companies themselves and the release of information about a company by someone else have an impact on the company's stock market performance. Specifically, the post of high-ranking politicians in social media about a specific company has an impact on the company's stock performance. In this section, studies done on the topic are summarised as follows.

Yu, Duan & Cao (2013) examines the impact of social media (blogs, forums, and Twitter) and conventional media (major newspapers, television broadcasting companies, and business magazines), their relative importance, and their interrelatedness on short term firm stock market performances. They collected daily media content across various conventional media and social media outlets for 824 public traded firms across 6 industries. An automated sentiment analysis technique applied to analyse the collected data. stock return and risk are used as the indicators of companies' short-term performances. The findings suggest that overall social media has a stronger relationship with firm stock performance than conventional media while social and conventional media have a strong interaction effect on stock performance.

Fiala, Kapounek & Veselý (2015) studied causal links between users' content on the social network Twitter – tweets and price of stocks of Apple Inc. and Microsoft Corporation. Tweets during the period from 1.3.2014 to 18.5.2014 are collected and Granger causality test is applied to identify the causality link between tweets and stock prices. The finding indicated the existence of both one directional and two directional causal links.

Zhang (2016) assessed the dynamic relationship between tweets and stock price movements by applying a vector autoregression (VAR) model. The author collected four daily time-series variables: stock return, volatility, liquidity, and the volume of tweets during the period from January 1, 2014, to June 1, 2015, to study the interdependences and comovements of social media content and stock performance. The result indicated that there are strong interdependences and comovements between tweets and stock performance.

Ge, Kurov & Wolfe (2017) examined the impact of tweets from President Trump's official Twitter accounts from November 9, 2016, to February 28, 2017, that includes the name of a publicly traded company. They estimated the standard Fama-French three-factor model using OLS regressing the excess return. Their finding shows that the tweets move stock prices and increase trading volume, volatility and investor attention. The result clearly showed that the unexpected tweets from high-ranking government officials about a specific company have a positive or negative effect on the company's stock performance depending on the content of tweeted information.

Deng, Huang, Sinha & Zhao (2018) studied the microblog sentiment interact with stock return, positive sentiment and negative sentiment influence and react to stock return and the relationship between microblog sentiment and stock return at the day and hour levels. They collected a data set containing 17,835,174 Stock Twits messages spanning four years and applied vector autoregression (VAR) to analyse the data. The results show that the influence of microblog sentiment on stock return is both statistically and economically significant at the hour level. Microblog sentiment is also largely driven by movement in the market. Moreover, the stock return has a stronger influence on negative sentiment than on positive sentiment.

The relationship between the Tweets and the share prices of targeted companies studied by Juma'h & Alnsour (2018). They investigated the market reaction to the President's Tweets is measured using a conventional event study methodology. They collected about 5,700 Tweets from Donald Trump's Official Twitter Account from the beginning of 2016 to August 2017. From which 414 Tweets are related to the economy or finance terms. The findings of the study show that there are no significant effects of such Tweets on the stock market. There are no significant changes in companies' share prices on the day of the Tweets. This is an indication that either the Tweets may only influence the companies share prices in a spontaneous moment or the information contained in the President's Tweets are already reflected in the share prices before the day of the Tweets. This is consistent with the efficient market assumptions.

In general, most of the studies investigated the impact of social media on firm's stock performances are found that it has a

positive or negative impact on stock performance depending on the information content released in social media. Among the literature summarized one studies conclude, it has not affected the stock performance significantly and the impact exists only in a very short period of time.

3. RESEARCH METHODOLOGY

In this section, methodology, sample and the data used for this study will elaborate in detail.

3.1. Sample

The main aim of the study is to examine the reactions of Turkish steel producer companies listed in Borsa Istanbul to Trump's Tweet of doubling tariffs on Turkish steel exports to the U.S. For this reason, five big steel producer companies which listed in Borsa Istanbul are selected. The selected combines are also listed in the Borsa Istanbul 100 index (BIST 100). The selected sample companies are listed as follows:

1. Çemtas Çelik Makina Sanayi ve Ticaret A.S. (CEMTS.IS)
2. Ereğli Demir ve Çelik Fabrikalari T.A.S. (EREGL.IS)
3. Gentas Genel Metal Sanayi ve Ticaret A.S. (GENTS.IS)
4. Iskenderun Demir ve Çelik A.S. (ISDMR.IS)
5. Kardemir Karabük Demir Çelik Sanayi Ve Ticaret A.S. (KRDMD.IS)

Borsa Istanbul 100 index (BIST 100) is used in this paper representing the market. Daily adjusted closing prices for sample companies and BIST100 is collected from Yahoo's finance Website.

3.2. Event Study Approach

Event study investigates the stock return for a particular firm or industry before and after the announcement of events such as mergers and acquisitions, earnings announcements, issues of new debt and equity, announcements of macroeconomic variables, Initial Public Offering (IPO), dividend announcements and etc (Schweitzer,1989). Fama, Fisher, Jensen, and Roll (1969) applied an event study for the first time for stock splits. Based on Campbell, Lo and MacKinley (1997), Beverley (2008) stated seven key steps to a typical event study as follows:

1. Event definition
2. Selection criteria
3. Normal and abnormal returns
4. Estimation procedure
5. Testing procedure
6. Presentation of empirical results
7. Interpretation and conclusions

Event Definition- The first step in the event study is to identify the event and the date which happened and determine the period upon which the prices of the underlying stock will be investigated. This period is known as the 'event window'. There is also an estimation period which used to determine the normal behaviour the stock market return. The determination of the event window belongs to the researchers. However, Peterson (1989) states that a typical length of the estimation period range from 100 to 300 days for daily studies and typical lengths of the event period range from 21 to 121 days for daily studies.

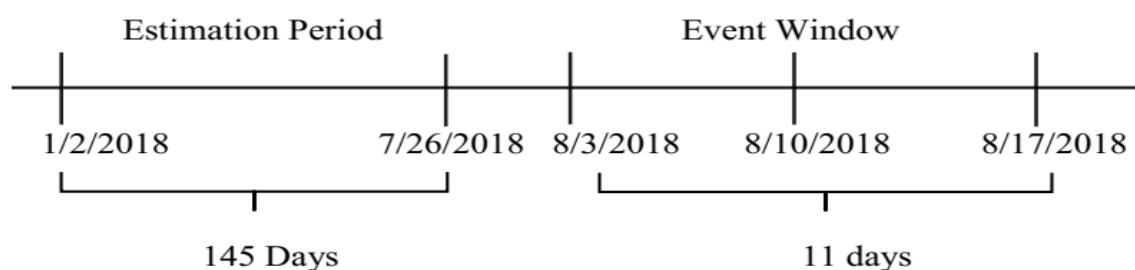
In this study, the event took place on the 10th August 2018, when Donald Trump tweet in his official Twitter account saying doubling of tariffs on Turkish steel and aluminium products. The timeline for the estimation period i.e. event window and event date applied in this study are represented as follows: The researcher used 145 days as an estimation period and 11 days as an event window.

Estimation Period: 1/2/2018 – 7/26/2018

Event window: 8/3/2018 – 8/17/2018

Pre-event period: 8/3/2018- 8/9/2018

Post-event window: 8/11/2018 – 8/17/2018



Selection Criteria - As stated earlier, Trump's Tweet targeted steel and aluminium imports from Turkey by doubling of Tariffs. Turkey exports a significant amount of steel to the US. Because of this, the above mentioned five steel producing companies listed in Borsa Istanbul are selected for this study.

Normal and Abnormal Returns - To investigate the impact of a specific unexpected event on the return of a particular company's stock, the normal return in the absence of the event should be estimated. There are three models used commonly to estimate the normal return assuming if there is no event took place. These models are market model, mean-adjusted model and market-adjusted model (Peterson, 1989).

For this study, the market model is selected to calculate the normal return. The market model is a model that assumes a stable linear relationship between market return and the return of financial security. The Market model is theoretically superior as it eliminates the part of the return that is related to movement in the market. This means, variance of any abnormal returns identified should be reduced. In general, this model can improve the chance to identify the effects of a particular event on the stock return (Beverley, 2008). The market model is specified as follows:

$$R_{it} = \alpha_i + \beta_{im} R_{mt} + \varepsilon_{it}$$

Where: R_{it} is the period- t returns on stock i , α_i is the intercept, β_{im} is the ordinary least square (OLS) regression coefficient, R_{mt} is the period- t returns on the market portfolio and ε_{it} is an error term with mean of zero. In this study BIST100 index is used as a market portfolio.

The abnormal return is the difference between the actual return and the expected return (Beverley, 2008).

$$AR_{it} = R_{it} - R_{it}^*$$

$$R_{it}^* = \alpha_i + \beta_{im} R_{mt}$$

$$AR_{it} = R_{it} - (\alpha_i + \beta_{im} R_{mt})$$

Where: AR_{it} is abnormal i stock return period t and R_{it}^* is an expected or predicted return on stock i in period t .

Estimation procedure - To estimate the normal return, 145 days of returns used before the study period. For the event window, 10 days before and after the event day is examined.

Testing procedure - It is important to examine the cumulative effect of a particular event. To do this, the individual period of abnormal returns is accumulated over the event window. This means the cumulative abnormal returns (CAR) is the sum of abnormal returns for each day in the event window (Beverley, 2008). i.e.:

$$CAR_i = \sum AR_{it}$$

If the expected abnormal return is zero, a particular event has no impact on the mean or variance of return. Interpretations about the CAR can be extracted using a test statistic, t , where:

$$t = CAR_i / (\sigma_i / \sqrt{n})$$

σ_i is the standard error of the distribution and ' n ' representing the number of days in the event window. If the absolute value of test statistic is greater than **1.645**, **1.96** and **2.576**, then the AR is statistically significant at **10%**, **5%** and **1%** level respectively.

The final two steps of an event study are Presentation of empirical results, and Interpretation and conclusions. In the next section, the empirical result, interpretation of this paper will present.

4. RESULTS AND DISCUSSION

In this section, the analysis results for the sample 5 companies will present.

4.1. Çemtas Çelik Makina Sanayi ve Ticaret A.S. (CEMTS.IS)

The event study analysis for CEMTS is presented in the following table 1 and figure 1.

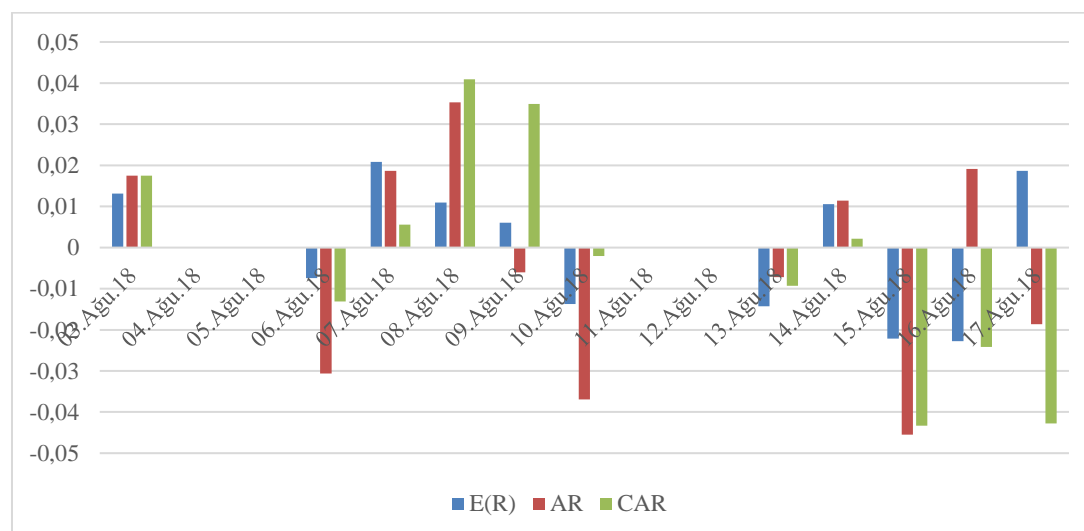
Table 1: CEMTS-Event Window Data and Result Summary Based on Market Model

Date	CEMTS-P	CEMTS-R	BIST100-P	BIST100-R	E(R)	AR	CAR	T-TEST	Sig.
3-Aug-18	6.05	0.0306644	95,610.48	0.01128806	0.013161	0.01750	0.01750	0.77410	No
6-Aug-18	5.82	-0.0380165	94,173.97	-0.0150246	-0.00743	-0.03058	-0.01308	-1.35261	No
7-Aug-18	6.05	0.0395189	96,161.04	0.02109999	0.02084	0.01868	0.00560	0.82608	No
8-Aug-18	6.33	0.046281	96,973.85	0.00845259	0.010942	0.03534	0.04094	1.56291	No
9-Aug-18	6.33	0	97,185.13	0.00217873	0.006032	-0.00603	0.03491	-0.26676	No
10-Aug-18	6.009	-0.0507109	94,939.63	-0.0231054	-0.01376	-0.03695	-0.00205	-1.63433	No
13-Aug-18	5.88	-0.0214678	92,684.55	-0.0237528	-0.01426	-0.00720	-0.00925	-0.31861	No
14-Aug-18	6.009	0.0219388	93,418.65	0.00792041	0.010525	0.01141	0.00216	0.50477	No
15-Aug-18	5.603	-0.0675653	90,262.95	-0.0337802	-0.02211	-0.04545	-0.04329	-2.01024	Yes*
16-Aug-18	5.583	-0.0035695	87,143.21	-0.0345628	-0.02272	0.01915	-0.02414	0.84713	No
17-Aug-18	5.583	0	88,734.76	0.01826361	0.018621	-0.01862	-0.04276	-0.82351	No

CEMTS-P: CEMTS Price, CEMTS-R: CEMTS-Return, BIST100-P: BIST100-Price, BIST100-R: BIST100-Return, E(R): Expected Return, AR: Abnormal Return, CAR: Cumulative Abnormal Return, Sig: Significancy, Yes*: Significance at 5% Level

Table 1 summarizes the event study result of CEMTS. The researcher used 145 days before the event window to estimate the expected return and 5 days before and after the event day is used to calculate the abnormal return based on the market model. The event under study is expected to a negative effect on the steel producer companies in Turkey.

Figure 1: CEMTS- E(R), AR and CAR Graphic View



The result presented in table1 shows that there was an increment trend for 3 days before the event date on CEMTS stock and BIST100 price. On the event date, there was an insignificant negative (1.634) effect on CEMTS stock performance. After the event day, on the third day there was a negative significance effect (-2.01) at 5% significance level on CEMTS stock performance. This significant effect on CEMTS stock performance may or may not be the reflection of Trump's tweet.

4.2. Ereğli Demir ve Çelik Fabrikalari T.A.S. (EREGL.IS)

The event study summary of EREGL stock is presented in Table 2 and figure 2 as follows.

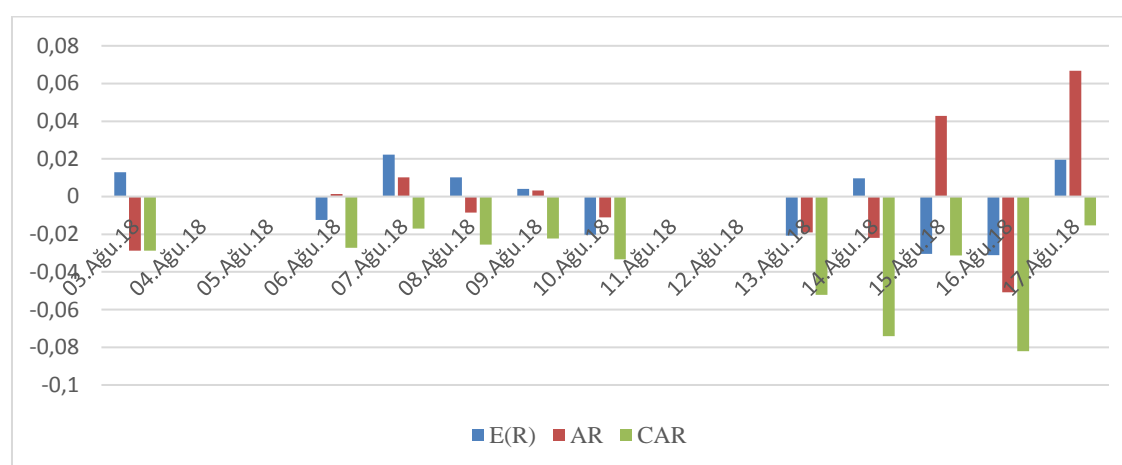
Table 2: EREGL-Event Window Data and Result Summary Based on Market Model

Date	EREGL-P	EREGL-R	BIST100-P	BIST100-R	E(R)	AR	CAR	T-TEST	Sig.
3-Aug-18	11.85	-0.01578	95,610.48	0.011288	0.012861	-0.02864	-0.02864	-1.52363	No
6-Aug-18	11.72	-0.01097	94,173.97	-0.01502	-0.01239	0.00142	-0.02722	0.075547	No
7-Aug-18	12.1	0.032423	96,161.04	0.0211	0.022277	0.01015	-0.01708	0.539733	No
8-Aug-18	12.12	0.001653	96,973.85	0.008453	0.01014	-0.00849	-0.02556	-0.45147	No
9-Aug-18	12.21	0.007426	97,185.13	0.002179	0.004119	0.00331	-0.02226	0.17591	No
10-Aug-18	11.83	-0.03112	94,939.63	-0.02311	-0.02015	-0.01098	-0.03323	-0.58391	No
13-Aug-18	11.36	-0.03973	92,684.55	-0.02375	-0.02077	-0.01896	-0.05219	-1.00874	No
14-Aug-18	11.22	-0.01232	93,418.65	0.00792	0.009629	-0.02195	-0.07415	-1.16782	No
15-Aug-18	11.36	0.012478	90,262.95	-0.03378	-0.03039	0.04287	-0.03128	2.28039	Yes**
16-Aug-18	10.43	-0.08187	87,143.21	-0.03456	-0.03114	-0.05073	-0.08201	-2.69839	Yes*
17-Aug-18	11.33	0.08629	88,734.76	0.018264	0.019555	0.06673	-0.01527	3.550017	Yes*

Yes*: Significance at 1% Level, Yes**: Significance at 5% Level

Table 2 summarizes the event study result of EREGL. The researcher used 145 days before the event window to estimate the expected return and 5 days before and after the event day is used to calculate the abnormal return based on the market model. The event under study is expected to a negative effect on the steel producer companies in Turkey.

Figure 2: EREGL- E(R), AR and CAR Graphic View



The result presented in table 2 shows that there was no significant change in EREGL stock price before the event date. On the event date, there was an insignificant negative (-0.58) effect on EREGL stock performance. On the third day after the event, there was a positive significance (2.28) effect on ERGEL stock performance at a 5% significance level. On the fourth day after the event, there was a negative (-2.69) significance effect on ERGEL stock price at 1% significance level. And on the fifth day, there was a positive significant (3.55) effect at 1% significance level. This may result from the instability of the market in Turkey in the event window days.

4.3. Gentas Genel Metal Sanayi ve Ticaret A.S. (GENTS.IS)

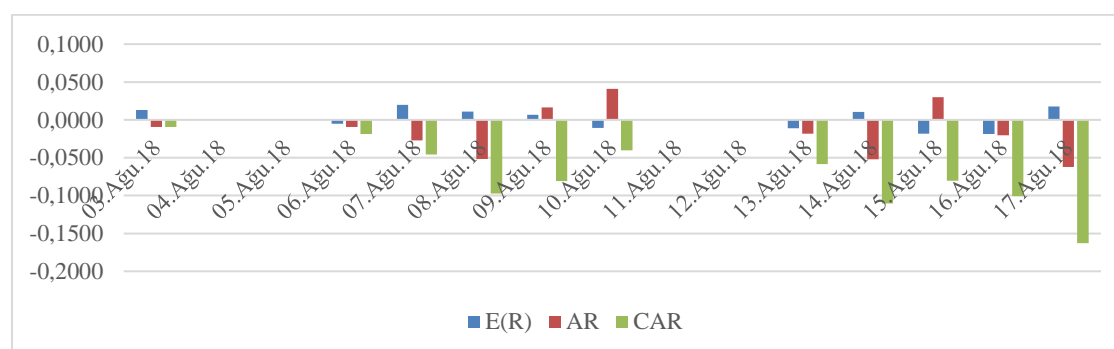
The event study results of GENTS stock are summarized in the in table 3 and figure 3 as follows.

Table 3: GENTS-Event Window Data and Result Summary Based on Market Model

Date	GENTS-P	GENTS-R	BIST100-P	BIST100-R	E(R)	AR	CAR	T-TEST	Sig.
3-Aug-18	2.77	0.0036	95610.4800	0.0113	0.0130	-0.0094	-0.0094	-0.3472	No
6-Aug-18	2.73	-0.0144	94173.9700	-0.0150	-0.0051	-0.0093	-0.0187	-0.3448	No
7-Aug-18	2.71	-0.0073	96161.0400	0.0211	0.0197	-0.0271	-0.0457	-1.0039	No
8-Aug-18	2.6	-0.0406	96973.8500	0.0085	0.0110	-0.0516	-0.0974	-1.9142	Yes***
9-Aug-18	2.66	0.0231	97185.1300	0.0022	0.0067	0.0164	-0.0810	0.6069	No
10-Aug-18	2.74	0.0301	94939.6300	-0.0231	-0.0107	0.0408	-0.0402	1.5123	No
13-Aug-18	2.66	-0.0292	92684.5500	-0.0238	-0.0112	-0.0180	-0.0582	-0.6690	No
14-Aug-18	2.55	-0.0414	93418.6500	0.0079	0.0107	-0.0520	-0.1103	-1.9289	Yes***
15-Aug-18	2.58	0.0118	90262.9500	-0.0338	-0.0181	0.0298	-0.0804	1.1060	No
16-Aug-18	2.48	-0.0388	87143.2100	-0.0346	-0.0186	-0.0202	-0.1006	-0.7474	No
17-Aug-18	2.37	-0.0444	88734.7600	0.0183	0.0178	-0.0621	-0.1627	-2.3044	Yes**

Yes**: Significance at 5% Level, Yes***: Significance at 10% Level

Table 3 summarizes the event study result of GENTS. The researcher used 145 days before the event window to estimate the expected return and 5 days before and after the event day is used to calculate the abnormal return based on the market model. The event under study is expected to a negative effect on the steel producer companies in Turkey.

Figure 3: GENTS- E(R), AR and CAR Graphic View

The result presented in table 3 shows that there was a 10% significance level negative change (-1.91) on GENTS stock price on the second day before the event date. On the event date, there was an insignificant positive (1.51) effect on GENTS stock performance. On the second day after the event, there was a negative significance (-1.92) effect on GENTS stock performance at 10 % significance level. On the fifth day after the event, there was a negative (-2.30) significance effect on ERGEL stock price at 5% significance level. This may result from the instability of the market in Turkey in the study period.

4.4. Iskenderun Demir ve Çelik A.S. (ISDMR.IS)

The event study results for ISDMR stock are presented in Table 4 and figure 4 as follows.

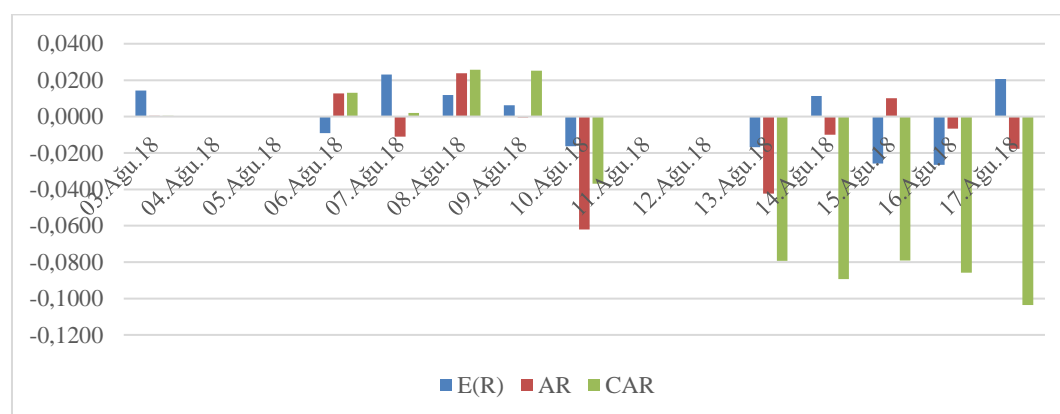
Table 4 summarizes the event study result of ISDMR. The researcher used 145 days before the event window to estimate the expected return and 5 days before and after the event day is used to calculate the abnormal return based on the market model. The event under study is expected to a negative effect on the steel producer companies in Turkey.

The result presented in table 4 shows that there was no significant change in ISDMR stock price before the event date. On the event date, there was a negative significant (-2.18) effect on ISDMR stock performance. After the event date, there was no significant effect on ISDMR stock performance. Among the five-sample companies selected to study the reaction of Turkish steel producer companies for Trump's tweet to double tariff for steel products imported from Turkey to the US, only ISDMR is affected negatively and significantly on the event day.

Table 4: ISDMR-Event Window Data and Result Summary Based on Market Model

Date	ISDMR-P	ISDMR-R	BIST100-P	BIST100-R	E(R)	AR	CAR	T-TEST	Sig.
3-Aug-18	8.31	0.014652	95,610.48	0.0112881	0.0143	0.0003	0.0003	0.0111	No
6-Aug-18	8.34	0.0036101	94,173.97	-0.0150246	-0.0091	0.0128	0.0131	0.4482	No
7-Aug-18	8.44	0.0119904	96,161.04	0.0211	0.0231	-0.0111	0.0020	-0.3901	No
8-Aug-18	8.74	0.035545	96,973.85	0.0084526	0.0118	0.0237	0.0257	0.8343	No
9-Aug-18	8.79	0.0057208	97,185.13	0.0021787	0.0062	-0.0005	0.0252	-0.0171	No
10-Aug-18	8.1	-0.0784983	94,939.63	-0.0231054	-0.0164	-0.0621	-0.0369	-2.1841	Yes**
13-Aug-18	7.62	-0.0592593	92,684.55	-0.0237528	-0.0169	-0.0423	-0.0793	-1.4876	No
14-Aug-18	7.63	0.0013123	93,418.65	0.0079204	0.0113	-0.0100	-0.0893	-0.3521	No
15-Aug-18	7.51	-0.0157274	90,262.95	-0.0337802	-0.0259	0.0101	-0.0791	0.3567	No
16-Aug-18	7.26	-0.0332889	87,143.21	-0.0345628	-0.0266	-0.0067	-0.0858	-0.2360	No
17-Aug-18	7.28	0.0027548	88,734.76	0.0182636	0.0206	-0.0178	-0.1036	-0.6257	No

Yes**: Significance at 5% Level

Figure 4: ISDMR- E(R), AR and CAR Graphic View

4.5. Kardemir Karabük Demir Çelik Sanayi ve Ticaret A.S. (KRDMD.IS)

The event study results for KRDMD stock are summarized in table 5 and figure 5 as follows.

Table 5: KRDMD-Event Window Data and Result Summary Based on Market Model

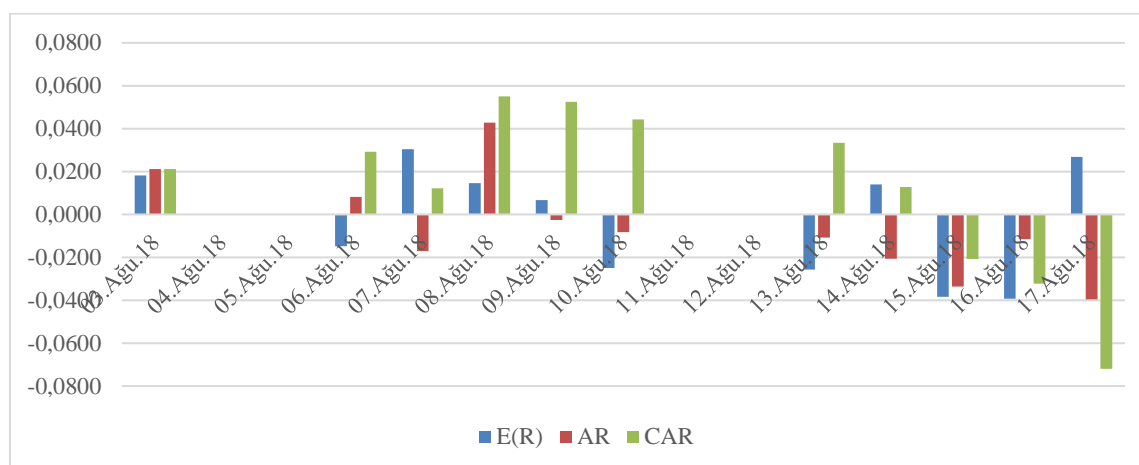
Date	KRDMD-P	KRDMD-R	BIST100-P	BIST100-R	E(R)	AR	CAR	T-TEST	Sig.
3-Aug-18	4.5	0.039261	95,610.48	0.0112881	0.0181	0.0211	0.0211	0.8287	No
6-Aug-18	4.47	-0.0066667	94,173.97	-0.0150246	-0.0148	0.0082	0.0293	0.3206	No
7-Aug-18	4.53	0.0134228	96,161.04	0.0211	0.0304	-0.0170	0.0123	-0.6678	No
8-Aug-18	4.79	0.0573951	96,973.85	0.0084526	0.0146	0.0428	0.0551	1.6797	Yes***
9-Aug-18	4.81	0.0041754	97,185.13	0.0021787	0.0067	-0.0026	0.0525	-0.1001	No
10-Aug-18	4.65	-0.033264	94,939.63	-0.0231054	-0.0250	-0.0083	0.0442	-0.3257	No
13-Aug-18	4.48	-0.0365591	92,684.55	-0.0237528	-0.0258	-0.0108	0.0334	-0.4232	No
14-Aug-18	4.45	-0.0066964	93,418.65	0.0079204	0.0139	-0.0206	0.0128	-0.8091	No
15-Aug-18	4.13	-0.0719101	90,262.95	-0.0337802	-0.0383	-0.0336	-0.0207	-1.3172	No
16-Aug-18	3.92	-0.0508475	87,143.21	-0.0345628	-0.0393	-0.0115	-0.0323	-0.4522	No

17-Aug-18	3.87	-0.0127551	88,734.76	0.0182636	0.0269	-0.0396	-0.0719	-1.5555	No
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Yes***: Significance at 10% Level

Table 5 summarizes the event study result of KRDM. The researcher used 145 days before the event window to estimate the expected return and 5 days before and after the event day is used to calculate the abnormal return based on the market model. The event under study is expected to a negative effect on the steel producer companies in Turkey.

Figure 5: KRDM- E(R), AR and CAR Graphic View



The result presented in table 5 shows that there was a 10% significance level negative change (1.67) on KRDM stock price on the second day before the event date. On the event date, there was an insignificant negative (-0.32) effect on KRDM stock performance. After the event day, even the trend shows a negative effect on KRDM stock performance, there was no significant effect at less than 10% significance level.

5. CONCLUSIONS

The main purpose of this paper is to examine the reaction of Turkey’s Steel Producer Companies listed in Borsa Istanbul to Trump’s Tweet of doubling tariffs on Turkish steel export to the U.S. For this purpose, five companies listed in Borsa Istanbul are selected and their daily stock prices are downloaded from Yahoo’s finance website. To estimate the expected return, 145 days of return before the event day are calculated and five days before and after the event date are used to calculate the abnormal return and t-statistic based on the market model.

The finding shows that, from the sample companies under study CEMTS, EREGL, GENTS and KRDM stocks are not significantly affected by Trump’s tweet. Specifically, CEMTS is affected negatively and insignificantly with t-statistic (-1.63), but near to 10% significant level. KRDM and EREGL are affected negatively and insignificantly with t-statistic (-0.32) and (-0.58) respectively. On the contrary of others, GENTS is affected positively and insignificantly with t-statistics (1.51). ISDMR stock is the only stock among the sample that affected negatively and significantly with t-statistic (-2.18) at 5% significance level. As 4 out of 5 companies is not affected by the event, this result indicated that Trump’s Tweet was not significantly affecting the performance of Turkey’s steel producer companies listed in Borsa Istanbul. This finding is similar to studies done by Juma'h & Alnsour (2018). Their finding suggested that there are no significant effects of Trump’s Tweets on targeted companies share price on the day of the Tweets. The significant changes which happened after the event date are may or may not resulted from Trump’s Tweet. Because at that time, Turkey’s economy was not stable and other events also happened.

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