

Abstract

There exist a lot of empirical researches, that examine what factors effect the stock market volatility. The concept of investor sentiment is quite popular and is frequently discussed. However, there does not exist any research which would study the relation between the change in election preferences during the presidential campaigns and stock market volatility. The present thesis explores the effect of political sentiment on United States and French models. Here, we construct the model, which examines the effect of change in election preferences on the volatility. The results suggest, that change in election preferences does not affect the stock market volatility during the presidential campaign. Thus, its inclusion to the model does not increase the prediction power.