





# Optimistic Sentiment of Investors and Its Impact on the Dynamics of Iran's Stock Market: "A Comparative Study of the JCPOA Period and the US Withdrawal"


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## 1. Round 1

### 1.1. Reviewer 1

Reviewer:

"This influence is particularly evident in Iran's capital market as changes in stock indices after major political events such as the JCPOA provide credible evidence for this claim." - It would be beneficial to include specific examples or data points to substantiate this claim.

"The statistical population of this study includes all companies listed on the Tehran Stock Exchange." - Specify the criteria used for systematic elimination in more detail to ensure reproducibility.

"The Arms Index was used to calculate investor sentiment." - Provide a more detailed explanation of the Arms Index and justify its selection over other sentiment indices.

"The coefficient of investor optimistic sentiment on market depth is -0.281." - Discuss potential reasons for the observed decrease in market depth during the US withdrawal from the JCPOA period.

"The results showed that investor optimism significantly impacts the bid-ask spread and market depth during the JCPOA and the US withdrawal from the JCPOA." - Suggest possible mechanisms or psychological factors driving these impacts.

"Optimistic sentiments among investors can have positive and negative effects on the bid-ask spread and market depth." - Include a discussion on how these effects vary across different market conditions or sectors.

"Organizations and relevant authorities should establish additional disclosure rules." - Provide specific recommendations for what types of disclosures would be most beneficial in balancing information asymmetry.

Response: Thank you for your comment. I will consider these comments.

## 1.2. Reviewer 2

Reviewer:

"Liquidity has become a significant concept in the valuation of financial assets (Díaz & Escribano 2020)." - While the importance of liquidity is mentioned, the introduction lacks a clear definition of liquidity and its various dimensions. Please add a comprehensive definition.

"Changes in market liquidity are a fundamental risk factor in the stock market (Elgayyar et al. 2021)." - This paragraph should elaborate on how liquidity changes can impact market risk, providing a clearer linkage to investor sentiment.

"Numerous studies have acknowledged the influential role of sentiments on stock liquidity (Díaz & Escribano 2020; Dunham & Garcia 2021; Kumari 2019)." - This statement would benefit from a brief summary of key findings from these studies to provide context.

"Trading Volume, Number of Trades, Stock Return, Stock Price Changes." - For clarity, include the formulas or methods used to calculate these control variables.

"According to the results of these tests presented in Table 2, the research variables are stationary at level." - Discuss the implications of these stationarity tests on the validity of the regression models used.

"Panel Diagnostic Tests" - The interpretation of the F-Limer and Hausman test results should be expanded upon. Explain why these tests were chosen and how their results affect the model selection.

"The coefficient of investor optimistic sentiment on the bid-ask spread is -24.16." - Explain the economic significance of this coefficient and how it compares to previous studies.

"Market depth is considered a quantitative dimension of market liquidity." - Discuss how market depth interacts with other dimensions of liquidity and its implications for market stability.

"Investor sentiment is a crucial driver of stock market liquidity." - Address how sentiment-driven liquidity fluctuations might affect long-term market trends or investor behavior.

"The decrease in investor optimism led to an increase in the bid-ask spread." - Summarize the policy implications of this finding and suggest ways to mitigate negative impacts.

Response: Thank you for your comment. I will consider these comments.

## 2. Revised

Editor's decision after revisions: Accepted.

Editor in Chief's decision: Accepted.