Event Study: The Effect of China and Singapore Mutual Visa-Free Policy on Chinese and Singaporean Tourism-Related Stocks

by

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Abstract

This study investigates the short-term impact of the 2024 China - Singapore mutual visa-free policy on tourism-related stock performance in both countries. Utilizing an event study methodology, the research analyzes how the stock prices of publicly traded firms in the tourism sector responded to the announcement of the China - Singapore mutual visa-free policy on January 25, 2024, which is effective on February 9, 2024, the time of Chinese New Year Eve. The results show that Chinese tourism-related stocks experienced statistically significant positive cumulative average abnormal returns in the immediate three-day window surrounding the policy announcement. However, in longer event window, the cumulative average abnormal returns are not statistically significant. In contrast, Singaporean tourism-related stocks exhibited smaller but statistically significant and more sustained positive CAAR across all event windows. A crosscountry comparison further reveals that the Chinese market reacted more strongly than the Singaporean market immediately, though the effect diminished over longer windows. These findings indicate possible differences in market structure, investor composition, and policy sensitivity lead to the different outcome. This research contributes to the emerging literature on the intersection of international policy and capital markets, offering one of the first empirical assessments of a mutual visa-free policy through financial data, demonstrating how visa policy can influence investor expectations in real time and highlight the importance of national context in shaping market reactions.

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1 Introduction

In recent years, international travel policies have played a critical role in promoting crossborder mobility and supporting post-pandemic economic recovery. On January 25, 2024, China and Singapore jointly announced a mutual visa-free policy, allowing citizens of both countries to travel visa-free for up to 30 days, effective from February 9, 2024, the eve of Chinese New Year. This policy marks one of the first large-scale mutual visa exemptions China has signed with a developed country in recent years. The effects of the China-Singapore mutual visa-free policy is likely to impact China's future diplomatic and visa policies, as well as influence other countries' willingness to engage in similar visa policy cooperation with China.

Beyond its symbolic value, the policy carries substantial economic implications. Easier cross-border movement is expected to stimulate tourism-related sectors such as hospitality, aviation, transportation, and consumer services. The convenience of visa-free access has long been linked to increased travel demand, higher tourism revenues, and greater bilateral business activity. According to the World Tourism Cities Federation (2024), Singapore anticipates 15 to 16 million inbound visitors in 2024, with tourism revenue projected to reach 26 to 27.5 billion SGD.

While most traditional tourism studies primarily measures policy impacts through changes in tourist arrivals and expenditures, this study adopts a financial market perspective. Publicly traded tourism-related firms are sensitive to investor expectations about future demand, making their stock prices a real-time barometer of market sentiment. As such, stock market responses can offer forward-looking insights into how policy changes are perceived in terms of economic impact. Unlike tourism statistics, which are often delayed by weeks or months, stock market data are updated daily and respond almost immediately to new information. This high-frequency,

high-responsiveness characteristic enables researchers to capture investor reactions in near realtime, providing an early indicator of perceived policy impact. Additionally, stock price data are timely, standardized, and widely available across countries, enabling comparative analysis across national contexts.

This study focuses on the short-term financial market impact of the 2024 China–Singapore mutual visa-free policy. Using an event study framework, it analyzes how tourism-related stocks in both countries responded to the policy announcement. In contrast to single-market studies, this research offers a comparative perspective by evaluating the differences in market reactions between China and Singapore. It explores how variations in market structure, investor behavior, and information efficiency may shape the transmission of policy signals. This cross-country dimension provides a richer understanding of how the same diplomatic event may be interpreted differently by market participants depending on national context.

Although event study methodology has been widely applied to analyze corporate events and macroeconomic announcements, relatively few studies have examined the stock market impact of bilateral international agreements—particularly visa liberalization policies—across different countries. This research aims to fill that gap by assessing investor responses in two structurally different capital markets. Also, despite its potential significance, the 2024 China–Singapore mutual visa-free policy has received limited academic attention so far. As a relatively new implemented bilateral agreement with both diplomatic and economic implications, it represents an emerging area of inquiry where empirical evidence remains scarce. This research seeks to address that gap by offering one of the first market-based evaluations of the policy's economic impact. The findings are expected to contribute both theoretically and practically, offering

insights for policymakers, investors, and scholars working at the intersection of tourism economics and financial studies.

2 Literature Review

Visa policy has emerged as a key institutional tool shaping global mobility, national image, and tourism-driven economic interaction. As borders reopened in the post-pandemic world, countries have increasingly turned to travel facilitation policies—not just as administrative changes but as instruments of soft power, signaling openness and economic partnership. Visafree agreements, in particular, represent not only a reduction in logistical travel barriers but also a symbolic message of bilateral trust and integration.

2.1 Relation between Visa Policy and Tourism Demand

A wide body of research has consistently demonstrated the negative impact of visa restrictions on international travel. Neumayer (2010) found that "visa restrictions have a large negative effect on the flow of travelers between two countries," suggesting that easing such barriers could boost tourist flows. Similarly, Li and Song (2013), evaluated the economic effects of visa restrictions on tourism in China, revealing that such restrictions can lead to significant economic losses. These research supports what the UNWTO (2015) observes, "it can be seen that from the top 15 destinations in the world with the highest proportions of international tourist arrivals (15 million and up), 73% have exempted visa requirements entirely for the majority of the 48 highly mobile source markets," indicating that "destinations competing for a high share of outbound markets use visa facilitation as a strategic means to increase competitiveness" (2015).

This body of work reflects a clear consensus: mobility restrictions suppress tourism demand, while visa liberalization promotes it. However, this stream of research focuses primarily on

aggregate flows and macroeconomic indicators — offering little insight into how such expectations are reflected in financial markets.

2.2 Visa-Free Policy and Perception-Based Reactions

Building on demand-side tourism models, another line of research has examined the perceptual and spatial effects of mutual visa-free policies. Chang et al. (2025) analyzed China-Singapore mutual visa-free policy with a focus on interpreting Xiaohongshu data and found that "the visa-free policy significantly stimulates discussion about Singapore tourism. However, tourists' overall travel experiences have not improved based on feedback." This study suggest that visa policies can rapidly generate emotional responses in public discourse and traveler interest.

However, while such studies offer valuable insights into traveler sentiment, which could affect traveler's destination choices and support Singapore government to implement further actions, they did not research on whether the visa-free policy would influence investor sentiment and financial expectations in tourism-related industries.

2.3 Market Reactions to Travel and Tourism Shocks

Several studies analyzed how tourism-related events affect capital markets, particularly through event study methodologies. Chen, Jang, and Kim (2007) employed an event study approach to evaluate how the SARS outbreak influenced tourism industry, especially hotel stocks in Taiwan. They found that "tourism industry experienced the most serious damage in terms of stock price decline (approximately 29 percent) among many industries on the Taiwan Stock Exchange in the month following the SARS outbreak." This finding highlights the vulnerability of tourism-linked equities to health-related travel shocks. While their work reflects

a reactive crisis model, it demonstrates how firm-level financial data can act as a proxy for demand expectations.

In a contrasting case involving potential positive effects, Chen (2011) noted that "although inbound tourism expansion had a positive effect on hotel stock performance, the effect was not statistically significant." This suggests that even favorable developments in tourism may not immediately translate into measurable investor confidence or market impact, underscoring the need to examine whether the China–Singapore mutual visa-free policy has produced a significant reaction in financial markets.

Methodologically, MacKinlay (1997) formalized the event study as a tool for quantifying abnormal returns surrounding discrete information events. The approach assumes informational efficiency and has been widely used to assess corporate actions and macroeconomic news. Despite its wide use in finance, the method is rarely applied to positive policy events in tourism, such as mutual visa-free policy. Furthermore, these studies tend to be limited to single-country cases, neglecting how different financial systems and investor bases might respond to the same policy in different ways.

2.4 Contribution of the Present Study

This study evaluates the short-term market reaction of tourism-related stocks in both China and Singapore following the announcement of their mutual visa-free policy in January 2024. By adopting an event study approach, it contributes to the small but growing field that links tourism policy and capital markets, while introducing a cross-national comparative dimension that is absent from prior work.

3 Methodology

This study aims to study the short-term effect of China–Singapore mutual visa-free policy on tourism stock market using an event study approach grounded in the framework developed by MacKinlay (1997). According to his methodology, a typical event study involves five key steps:" (1) defining the event of interest and the period over which the security prices of the firms involved in this event will be examined - event window; (2) determine the selection criteria for the inclusion of a given firm in the study; (3) specifying models for normal and abnormal returns; (4) define the estimation window; and (5) define the null hypothesis and determine the techniques for aggregating firm abnormal returns."

The event of interest is the announcement of China–Singapore mutual visa-free policy happened on Januaury 25, 2024. The event window selected is 21 days centered around the event day. Event window of 3 days and 11 days centered around the event day is also tested to evaluate the effects. Selection criteria for the stocks would be explained in the data section. Based on MacKinlay's procedure (1997), "appraisal of the event's impact requires a measure of the abnormal return." The abnormal return is measured as:

$$AR_{i,t} = R_{i,t} - E(R_{i,t}|X_t)$$

where $AR_{i,t}$, $R_{i,t}$, $E(R_{i,t}|X_t)$ are the abnormal, actual and normal returns respectively for time period t. Normal returns are modeled using the market model, a linear specification derived from the Capital Asset Pricing Model (CAPM), where X_t is the market return. It assumes that the return of a stock is a linear function of the return of a market index:

$$R_{i,t} = \alpha_i + \beta_i R_{mt} + \varepsilon_{i,t}$$
$$E(\varepsilon_{i,t} = 0), \operatorname{var}(\varepsilon_{i,t}) = \sigma_{\varepsilon_i}^2$$

where $R_{i,t}$ is the actual return of stock i on day t, R_{mt} is the return of the market index on day t, and $\varepsilon_{i,t}$ is the error term. The coefficients α_i and β_i are estimated over an estimation window of 120 trading days ending 10 days before the event window begins using OLS regression. The sample abnormal return is then calculated as the difference between the actual return and the expected return:

$$AR_{i,t} = R_{i,t} - \widehat{\alpha}_i - \widehat{\beta}_i R_{mt}$$

To examine market-wide reactions, the average abnormal return (AAR) across all stocks on each day t is calculated as:

$$AAR_t = \frac{1}{N} \sum_{i}^{N} AR_{i,t}$$

To assess cumulative effects over time, the cumulative abnormal return (CAR) for firm i over any event window from t_1 to t_2 is defined as:

$$CAR_i(t_1, t_2) = \sum_{t=t_1}^{t_2} AR_{i,t}$$

Aggregating across all firms, the cumulative average abnormal return (CAAR) is calculated as:

$$CAAR(t_1, t_2) = \sum_{t=t_1}^{t_2} AAR_t$$

To examine how financial markets interpreted the announcement of the China–Singapore mutual visa-free policy, this study tests the following alternative hypotheses, which are designed to capture expected positive market reactions from tourism-related sectors:

 H_1 (China): The announcement of the mutual visa-free policy between China and Singapore has a statistically significant positive impact on the short-term abnormal returns of Chinese tourism-related stocks.

 H_2 (Singapore): The announcement of the mutual visa-free policy between China and Singapore has a statistically significant positive impact on the short-term abnormal returns of Singaporean tourism-related stocks.

These hypotheses reflect the assumption that visa facilitation enhances investor sentiment toward the tourism industry by signaling increased travel demand, cross-border economic activity, and policy cooperation.

In addition to testing whether the policy announcement generated significant positive abnormal returns in each country, the study also compares the magnitude of market responses between China and Singapore. The third hypothesis (H3) is formulated to evaluate whether Chinese tourism-related stocks experienced a stronger positive effect than their Singaporean counterparts:

 H_3 : Th announcement of the mutual visa-free policy between China and Singapore has a statistically significantly greater positive impact on the short-term abnormal returns of Chinese tourism-related stocks compared to Singaporean tourism-related stocks.

To test this hypothesis, the study conducts a difference-in-means t-test on the cumulative average abnormal returns (CAAR) of the two markets across matched event windows.

4 Data

The selection of stocks was based on clear and consistent criteria aligned with industry classifications. For China, firms were identified through the tourism sector category provided by the Wind terminal, while for Singapore, tourism-related stocks were selected from the "Consumer Cyclical" sector on the Singapore Exchange (SGX). The sample includes only those companies with complete daily trading data during both the estimation and event windows.

For Chinese stocks, the CSI 300 Index, and for Singaporean stocks, the Straits Times Index (STI) are employed as proxies for market returns in the CAPM-based market model used to estimate expected returns. These indices serve as representative benchmarks for the overall market performance in each country. Daily returns for both stocks and indices were computed as simple percentage changes in adjusted closing prices. This approach was consistently applied across all observations to ensure uniformity in return estimation.

Stock prices and market index data for Chinese firms were retrieved using the RiceQuant API, while Singaporean firm and index data were obtained via the Yahoo Finance API through the yfinance Python library.

As specified in the methodology section, the estimation window consists of 120 trading days, ending 10 days before the start of the event window, specifically from July 18, 2023, to January 10, 2024. The full event window spans from January 11, 2024, to February 8, 2024, covering 21 trading days around the policy announcement. Symmetric sub-windows of [-1, +1] and [-5, +5] are also used to evaluate short-term reactions of varying lengths. Correspondingly, for [-1,1] period, the estimation window starts at July 31, 2023, ends at January 23, 2024 and the event window starts at January 24, 2024, ends at January 26, 2024, covering 3 trading days around the policy announcement. For [-5, 5] period, the estimation window starts at July 25, 2023, ends at January 17, 2024, and the event window starts at January 18, 2024, ends at February 1, 2024, covering 11 trading days around the policy announcement.

In total, the final sample includes 50 Chinese firms and 92 Singaporean firms. Companies with incomplete trading data, suspensions, or low liquidity were excluded to ensure robustness of estimation and consistency in abnormal return calculations. KYB.SI and HLS.SI Singaporean

tourism stocks were excluded from this dataset because they were listed later than the event

window.

Stock_code	Stock_name	English_abbreviation	Variable_name
000089.SZ	深圳机场	SACL	000089.XSHE
000099.SZ	中信海直	COHC	000099.XSHE
000428.SZ	华天酒店	HUATIAN HOTEL	000428.XSHE
000430.SZ	张家界	ZTDC	000430.XSHE
000524.SZ	岭南控股	LN HOLDINGS	000524.XSHE
000610.SZ	西安旅游	XATC	000610.XSHE
000721.SZ	西安饮食	XAYS	000721.XSHE
000888.SZ	峨眉山 A	EMEI SHAN	000888.XSHE
000978.SZ	桂林旅游	GTCL	000978.XSHE
002033.SZ	丽江股份	LIJIANG TOURISM	002033.XSHE
002059.SZ	云南旅游	YUNNAN TOURISM	002059.XSHE
002159.SZ	三特索道	SANTE CABLEWAYS	002159.XSHE
002186.SZ	全聚德	QUANJUDE	002186.XSHE
002306.SZ	中科云网	CLTG	002306.XSHE
002707.SZ	众信旅游	ZXLY	002707.XSHE
002739.SZ	万达电影	WANDA FILM	002739.XSHE
002858.SZ	力盛体育	SHANGHAI LISHENG RACING	002858.XSHE
002905.SZ	金逸影视	GUANGZHOU JINYI MEDIA	002905.XSHE
002928.SZ	华夏航空	CHINA EXPRESS	002928.XSHE
300144.SZ	宋城演艺	SONGCHENG	300144.XSHE
300528.SZ	幸福蓝海	OMNIJOI	300528.XSHE
300756.SZ	金马游乐	JINMA RIDES	300756.XSHE
300795.SZ	米奥会展	MEORIENT	300795.XSHE
300860.SZ	锋尚文化	FENG SHANG SHI JI	300860.XSHE
301011.SZ	华立科技	WAHLAP	301011.XSHE
301073.SZ	君亭酒店	SSAW	301073.XSHE
600004.SH	白云机场	GBIAC	600004.XSHG
600009.SH	上海机场	SIA	600009.XSHG
600029.SH	南方航空	CHINA SOUTH AIR	600029.XSHG
600054.SH	黄山旅游	HSTD	600054.XSHG
600115.SH	中国东航	CEA	600115.XSHG
600138.SH	中青旅	CYTS	600138.XSHG
600258.SH	首旅酒店	BTG HOTELS	600258.XSHG
600358.SH	国旅联合	CUTC	600358.XSHG

Table	1:	Selected	Chinese	tourism	stocks
1 auto	т.	Defected	Chinese	tourism	Stocks

600706.SH	曲江文旅	QJCT	600706.XSHG
600749.SH	西藏旅游	TIBET TOURISM	600749.XSHG
600754.SH	锦江酒店	JINJIANG HOTELS	600754.XSHG
600897.SH	厦门空港	XIAC	600897.XSHG
600977.SH	中国电影	CFC	600977.XSHG
601007.SH	金陵饭店	JINLING HOTEL	601007.XSHG
601021.SH	春秋航空	SA	601021.XSHG
601111.SH	中国国航	AIR CHINA	601111.XSHG
601595.SH	上海电影	SFC	601595.XSHG
601888.SH	中国中免	CITS	601888.XSHG
603099.SH	长白山	CBM	603099.XSHG
603103.SH	横店影视	HG ENTERTAINMENT	603103.XSHG
603136.SH	天目湖	TIANMU LAKE TOURISM	603136.XSHG
603199.SH	九华旅游	JHT	603199.XSHG
603885.SH	吉祥航空	JUNEYAO AIR	603885.XSHG
605108.SH	同庆楼	TONGQINGLOU CATERING	605108.XSHG

Table 2: Selected Singaporean tourism stocks

stock_code	Stock_name	Variable_name
504.SI	HS Optimus	504.SI
533.SI	ABR	533.SI
540.SI	Tung Lok Rest	540.SI
543.SI	Noel Gifts Intl	543.SI
596.SI	Pavillon	596.SI
AYV.SI	Acma	AYV.SI
L38.SI	AF Global	L38.SI
A34.SI	Amara	A34.SI
5RA.SI	AP Strategic	5RA.SI
5UF.SI	Aspial Lifestyle	5UF.SI
1D3.SI	Autagco	1D3.SI
B58.SI	Banyan Tree	B58.SI
B28.SI	Bonvests	B28.SI
9I7.SI	Bromat	9I7.SI
C04.SI	Casa	C04.SI
OU8.SI	Centurion	OU8.SI
UIX.SI	China EnvRes	UIX.SI
N0Z.SI	Combine Will	N0Z.SI
C41.SI	Cortina	C41.SI
BKW.SI	Datapulse Tech	BKW.SI
5SO.SI	Duty Free Intl	5SO.SI
5G1.SI	EuroSports Gbl	5G1.SI

F10.SI	FJ Benjamin	F10.SI
BTY.SI	Full Apex	BTY.SI
AWK.SI	Fuxing China	AWK.SI
G13.SI	Genting Sing	G13.SI
G50.SI	Grand Banks	G50.SI
5AI.SI	H2G Green	5AI.SI
5DP.SI	Heeton	5DP.SI
5JK.SI	Hiap Hoe	5JK.SI
AVX.SI	HL Global Ent	AVX.SI
H22.SI	Hong Leong Asia	H22.SI
H18.SI	Hotel Grand	H18.SI
H12.SI	Hotel Royal	H12.SI
H15.SI	HPL	H15.SI
5I4.SI	ICP Ltd	5I4.SI
5HT.SI	Imperium Crown	5HT.SI
RDR.SI	Incredible	RDR.SI
50I.SI	Japan Foods	50I.SI
42R.SI	Jumbo	42R.SI
1A0.SI	Katrina	1A0.SI
1D0.SI	Kimly	1D0.SI
BJZ.SI	Koda	BJZ.SI
XCF.SI	KTMG	XCF.SI
5IE.SI	Lorenzo Intl	5IE.SI
1H8.SI	LY Corp	1H8.SI
M04.SI	Man Oriental USD	M04.SI
50X.SI	Mary Chia	50X.SI
SJY.SI	MeGroup	SJY.SI
M01.SI	Metro	M01.SI
5WJ.SI	MoneyMax Fin	5WJ.SI
5QR.SI	MSM Intl	5QR.SI
N08.SI	New Toyo	N08.SI
NIO.SI	NIO Inc. USD OV	NIO.SI
5ML.SI	Old Chang Kee	5ML.SI
O08.SI	Ossia Intl	O08.SI
O9E.SI	Parkson Retail	O9E.SI
5BI.SI	Polaris	5BI.SI
5HH.SI	ProsperaGlobal	5HH.SI
PPC.SI	ProsperCap	PPC.SI
DM0.SI	PSC Corporation	DM0.SI
BCV.SI	Qian Hu	BCV.SI

5DO.SI	Sakae	5DO.SI
5TI.SI	SDAI	5TI.SI
S07.SI	Shangri-La HKD	S07.SI
URR.SI	Sim Leisure	URR.SI
5WG.SI	SingaporeKitchen	5WG.SI
5LE.SI	Sitra	5LE.SI
Y45.SI	SMI Vantage	Y45.SI
5KI.SI	Soup Holdings	5KI.SI
BQP.SI	Southern Pkg	BQP.SI
DRX.SI	ST Group Food	DRX.SI
H07.SI	Stamford Land	H07.SI
S29.SI	Stamford Tyres	S29.SI
S85.SI	Straco	S85.SI
BHU.SI	SUTL Enterprise	BHU.SI
42L.SI	Taka Jewellery	42L.SI
T12.SI	Tat Seng Pkg	T12.SI
VI2.SI	TC Auto	VI2.SI
T15.SI	TCIL HK\$	T15.SI
AWI.SI	Thakral	AWI.SI
AGS.SI	TheHourGlass	AGS.SI
BCZ.SI	Travelite	BCZ.SI
KUH.SI	TSH	KUH.SI
T09.SI	TT Intl	T09.SI
1F2.SI	Union Gas	1F2.SI
T6I.SI	ValueMax	T6I.SI
WJP.SI	VICOM Ltd	WJP.SI
1F1.SI	Y Ventures	1F1.SI
BPF.SI	YHI Intl	BPF.SI
YK9.SI	YKGI	YK9.SI
5SR.SI	Zhongmin Baihui	5SR.SI

5 Empirical Results

5.1 Event study for Chinese tourism-related stocks

Table 3: CAR of individual Chinese tourism-related stocks in regular event window

Stock Code	CAR[-1,1]	CAR[-5,5]	CAR[-10,10]
000089.XSHE	0.2818***	-0.3791	0.3543***
000099.XSHE	0.3841**	-0.0219	0.0275

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L.	111

000428.XSHE	0.1356*	-4.2129	-5.1115
000430.XSHE	0.0663	-1.1627	-1.655
000524.XSHE	0.2233***	-1.0239	-1.5315
000610.XSHE	-0.064	-0.7884	-0.6704
000721.XSHE	-0.0141	-1.2977	-1.7052
000888.XSHE	-0.0341	-0.899	-0.5943
000978.XSHE	0.1228***	-0.5495	-0.7102
002033.XSHE	-0.0822	-0.1141	0.5238***
002059.XSHE	-0.0019	-0.3687	-0.5003
002159.XSHE	-0.0054	-0.3446	-0.4858
002186.XSHE	0.0417**	-0.6542	-0.8956
002306.XSHE	-0.1703	-1.0722	-2.8605
002707.XSHE	0.6336*	-2.2894	-2.2989
002739.XSHE	0.0387***	-0.3971	-0.1221
002858.XSHE	0.0724	-0.3135	-1.1237
002905.XSHE	0.1253**	-0.5091	-0.9956
002928.XSHE	0.045***	-0.4759	-0.6066
300144.XSHE	-0.0988	-1.2411	0.5702***
300528.XSHE	0.0369***	-0.3032	-0.5035
300756.XSHE	-0.032	-1.059	-1.5041
300795.XSHE	-0.111	-0.156	0.1289***
300860.XSHE	0.1407**	-0.321	-0.6696
301011.XSHE	-0.0942	-0.4377	-0.776
301073.XSHE	-0.0198	-0.6538	-0.6912
600004.XSHG	0.0379**	-0.0573	0.3055***
600009.XSHG	0.0291*	0.1247***	0.3442***
600029.XSHG	0.0412**	-0.0613	-0.0294
600054.XSHG	-0.035	-0.5076	-0.4447
600115.XSHG	0.0493***	-0.0213	0.015***
600138.XSHG	0.4053**	-0.2004	-0.2409
600258.XSHG	0.0529*	-0.1941	0.0279**
600358.XSHG	0.2305**	-0.7381	-1.8766
600706.XSHG	-0.0212	-0.565	-0.6188
600749.XSHG	0.0214	-0.7759	-0.9908
600754.XSHG	0.2201**	-0.3515	-0.3387
600897.XSHG	0.7594***	-0.5506	-0.2199
600977.XSHG	0.0511	-0.0173	0.0728***
601007.XSHG	0.0628***	-0.3124	-0.504
601021.XSHG	0.019	-0.0139	0.1405***
601111.XSHG	0.0509***	-0.0236	0.0302***
601595.XSHG	0.0019	0.0418**	-0.1579
601888.XSHG	-0.0128	0.0783***	-0.0231
603099.XSHG	-0.1073	-0.4756	-0.3731

603103.XSHG	0.04***	-0.241	-0.2044
603136.XSHG	-0.0672	-0.442	-0.2893
CONTON MOLLO	0.004***	0.0746	0 12 52 ***
603199.XSHG	0.034***	-0.0746	0.1352***
(02005 VOLLO	0.0772**	0.150	0 4524***
603885.XSHG	0.0773**	-0.156	0.4534***
COLLO VOLLO	0.0777	0 1522	0.10/4
005108.ASHG	-0.0///	-0.1555	-0.1904

*** p-value < .01, ** p-value <.05, * p-value <.1

Table 4: CAAR of Chinese tourism stock in regular event window

Event Window	CAAR (with significance)
CAAR[-1,1]	0.0697**
CAAR[-5,5]	-0.5347
CAAR[-10,10]	-0.5878

*** p-value < .01, ** p-value <.05, * p-value <.1

Table 4 reports the cumulative average abnormal returns (CAAR) for Chinese tourismrelated stocks across three symmetric event windows centered on the January 25, 2024 announcement of the China-Singapore mutual visa-free policy. In the shortest window, CAAR[-1, 1] is positive and statistically significant at the 5% level, indicating an immediate favorable market response. This suggests that investors interpreted the visa-free agreement as a positive signal for the tourism sector, potentially anticipating increases in cross-border travel, consumer demand, and service industry activity. This supports Hypothesis 1 (H₁), which positis a significantly positive abnormal return for Chinese tourism firms.

However, in the longer windows CAAR[-5, 5] and CAAR[-10, 10] becomes negative but statistically insignificant. This divergence implies that the initial optimism may not have been sustained, and the market possibly reassessed the long-term implications of the policy. Several factors may contribute to this attenuation, such as concerns about actual tourist volume recovery, the policy's real implementation timeline (close to Chinese New Year), or broader macroeconomic uncertainties that could offset policy benefits. The contrast between short- and medium-term results reflects the complex nature of market expectations, where sentiment-driven reactions can quickly give way to more cautious evaluations.

Taken together, this finding highlight that the policy announcement produced a short-lived but measurable boost in investor sentiment toward Chinese tourism stocks, though this enthusiasm faded over time without further reinforcing signals or concrete follow-through.

5.2 Event study for Singaporean tourism-related stocks

Table 5: CAR of individual Singaporean tourism-related stocks in regular event window

Stock Code	CAR[-1,1]	CAR[-5,5]	CAR[-10,10]
1A0.SI	-0.0199	0.0113***	-0.1032
1D0.SI	-0.0153	0.0051*	0.0096***
1D3.SI	-0.22	0.2804***	-0.6365
1F1.SI	0.0472**	-0.0418	-0.0171
1F2.SI	-0.0184	0.0282**	0.0901***
1H8.SI	-0.0272	-0.0895	-0.1622
42L.SI	0.0103***	0.0049	0.0318***
42R.SI	0.056**	0.0427***	-0.026
504.SI	-0.0623	-0.1927	0.1154***
533.SI	0.0006*	0.0259***	0.009**
540.SI	0.01**	-0.0468	-0.1161
543.SI	-0.0034	-0.0343	-0.1273
596.SI	0.0048*	2.7926***	2.1211***
5AI.SI	0.0018	0.1096***	0.0921***
5BI.SI	-0.0593	-0.1835	-0.3374
5DO.SI	-0.0402	-0.0431	-0.1729
5DP.SI	-0.0056	-0.0053	0.0174***
5G1.SI	0.0005	0.0464**	0.0389***
5HH.SI	-0.0029	-0.0125	-0.3949
5HT.SI	0.0	0.0	0.0
5I4.SI	-0.0203	-0.0462	0.1076***
5IE.SI	0.0	0.0	0.0
5JK.SI	-0.0123	-0.0137	-0.0252
5KI.SI	-0.0002	-0.0261	0.0133**
5LE.SI	-0.0151	-0.0251	-0.0414
5ML.SI	-0.0039	0.0476***	0.02***
50I.SI	0.0026**	-0.0297	0.0066
50X.SI	-0.0508	-0.1227	-0.2072
5QR.SI	0.0211*	-0.045	0.9047***

5RA.SI	-0.0171	-0.1685	-0.3778
5SO.SI	0.0076	-0.1142	-0.0642
5SR.SI	0.0043	0.0069***	0.0804***
5TI.SI	0.0	0.0	0.0
5UF.SI	0.0182*	0.0343***	0.0181***
5WG.SI	-0.001	-0.0039	-0.0077
5WJ.SI	-0.0041	0.1247***	-0.0179
9I7.SI	0.0	0.0	0.0
A34.SI	0.015	-0.0654	-0.0752
AGS.SI	0.0138	0.0132**	0.0143***
AVX.SI	-0.002	-0.019	0.0583***
AWI.SI	-0.0182	-0.0694	-0.0511
AWK.SI	-0.0021	-0.0106	-0.0966
AYV.SI	0.0045**	1.1671***	1.1231***
B28.SI	0.0259**	0.0046*	-0.0233
B58.SI	0.0041	-0.0312	0.0181***
BCV.SI	-0.0018	0.0107***	0.0284***
BCZ.SI	0.0	0.0	0.0
BHU.SI	-0.0125	-0.0132	-0.0517
BJZ.SI	-0.0167	0.04***	0.0544***
BKW.SI	0.3801**	-0.1111	0.3136***
BPF.SI	-0.0014	0.0249***	0.0563***
BQP.SI	-0.0073	-0.0301	-0.0594
BTY.SI	0.0	0.0	0.0
C04.SI	0.1759**	0.0474**	0.0887***
C41.SI	-0.0838	-0.0779	-0.1666
DM0.SI	0.0325**	0.0403***	0.0044
DRX.SI	-0.0011	-0.0899	0.0781***
F10.SI	0.0528*	-0.0515	-0.0336
G13.SI	0.0228	0.0258***	-0.0089
G50.SI	-0.0013	-0.0145	-0.0029
H07.SI	0.0136**	-0.0043	0.0066***
H12.SI	0.0019***	0.0036**	-0.0209
H15.SI	-0.0028	-0.0093	-0.0037
H18.SI	-0.0022	0.0376***	0.0245***
H22.SI	0.0283*	0.0127***	0.012***
KUH.SI	-0.0436	-0.0201	0.0051
L38.SI	0.0198*	-0.0719	0.2494***
M01.SI	0.0117**	-0.0172	0.0577***
M04.SI	0.0141	-0.0087	-0.02
N08.SI	-0.0033	-0.0612	-0.0394
N0Z.SI	0.033*	0.0198***	0.0278***
NIO.SI	-0.0277	-0.0704	-0.1731

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O08.SI	0.0112**	0.0475***	0.0388***
O9E.SI	-0.0317	-0.0795	-0.0351
OU8.SI	-0.0037	0.0225***	-0.0041
PPC.SI	-0.059	-0.4519	-0.8175
RDR.SI	0.0	0.0	0.0
S07.SI	0.0	-0.0264	0.0198***
S29.SI	0.0616**	0.0034	-0.0345
S85.SI	0.0187*	0.0022	0.0117***
SJY.SI	-0.008	-0.0061	-0.0011
T09.SI	0.0	0.0	0.0
T12.SI	-0.0012	-0.0233	-0.0223
T15.SI	0.0765**	0.0886***	-0.0313
T6I.SI	0.0001	-0.0509	-0.0689
UIX.SI	-0.0204	-0.0744	-0.2293
URR.SI	0.0268*	-0.0188	0.0462***
VI2.SI	-0.0429	-0.1356	-0.1148
WJP.SI	0.0001	0.0206***	0.0125***
XCF.SI	0.0107***	-0.0274	0.0289***
Y45.SI	0.0026	-0.1131	-0.3163
YK9.SI	-0.0136	-0.052	0.0222***

*** p-value < .01, ** p-value <.05, * p-value <.1

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Event Window	CAAR (with significance)
CAAR[-1,1]	0.0026*
CAAR[-5,5]	0.0222***
CAAR[-10,10]	0.008***

*** p-value < .01, ** p-value <.05, * p-value <.1

Table 6 presents the cumulative average abnormal returns (CAAR) for Singaporean tourismrelated stocks across three standard event windows centered on the announcement of the China-Singapore mutual visa-free policy. The results show consistently positive and statistically significant CAARs across all windows. Specifically, the CAAR in the [-1, 1] window is 0.0026 (significant at the 10% level), and in the [-5, 5] and [-10, 10] windows, the CAARs are 0.0222 and 0.008, both significant at the 1% level. Although the magnitudes of these returns are relatively modest, their statistical significance indicates a clear positive market reaction. Investors may have anticipated that visa-free travel would lead to increased inbound tourism from China, one of Singapore's largest source markets, benefiting tourism-related sectors such as airlines, hotels, and consumer services. The symbolic aspect of bilateral policy cooperation may also have contributed to market optimism about longterm sectoral gains.

It is also worth noting that many of the SGX-listed tourism firms are small-cap companies with relatively low liquidity. Observations outside the event window show that some stocks exhibit extended periods of unchanged closing prices, reflecting price stickiness and limited trading activity. Although some stocks may have exhibited limited price movement due to low liquidity, the statistically significant CAAR during the event window indicates that the market as a whole did respond positively to the policy. Therefore, rather than a concentrated and rapid price spike, the impact appears to have been reflected more gradually and diffusely, consistent with a more stable and measured adjustment process.

Overall, these findings provide support for Hypothesis 2 (H_2), indicating that Singaporean tourism-related stocks experienced a statistically significant positive return following the visa-free policy announcement.

5.3 Cross-Market Comparison of Policy Impact: China vs. Singapore

Table 7: T-Test Results for Differences in CAAR Between

event_window	CAAR_CN	SE_CN	CAAR_SG	SE_SG	t_stat	p_value	H3_significant	significance
CAAR[-1,1]	0.06966753	0.01336834	0.00256118	0.00115912	5.00103208	2.85E-07	TRUE	***
CAAR[-5,5]	-0.534677	0.02523312	0.02219357	0.00363365	-21.843707	1	FALSE	
CAAR[-10,10]	-0.5878039	0.02185022	0.0080448	0.00202213	-27.153657	1	FALSE	

Chinese and Singaporean Tourism-Related Stocks

*** p-value < .01, ** p-value <.05, * p-value <.1

Table 7 evaluates Hypothesis 3 (H_3), which compares the short-term market reactions between Chinese and Singaporean tourism-related stocks. Among the three event windows, [-1, 1], [-5, 5] and [-10, 10], only the [-1, 1] window shows a statistically significant difference in CAAR between the two markets. In this immediate window, Chinese tourism stocks recorded a CAAR of 0.0697, while Singaporean tourism stocks reported a CAAR of 0.0026, and the difference is significant at the 5% level. This suggests that Chinese tourism stocks experienced a stronger immediate positive response to the announcement than Singaporean tourism market.

However, this situation fades quickly over longer windows. In both the [-5, 5] and [-10, 10] windows, China's CAAR turns negative, while Singapore's CAAR remains positive. Although the differences in these longer windows are not statistically significant, the reversal in direction suggests important differences in market behavior. Chinese stocks reacted strongly at first, but the effect dissipated, whereas Singaporean stocks continued to reflect the policy's positive impact over time.

Several factors might explain this cross-market asymmetry.

Firstly, the structural market difference may lead to the asymmetry. The Chinese market is dominated by retail investors and characterized by high sensitivity to policy news, often resulting in short-term overreactions. This may explain the sharp initial response followed by a kind of "reversal" abnormal return. In contrast, Singapore's market is institutionally driven and more conservative in processing new information, which may result in smaller but more sustained adjustments in stock prices.

Secondly, many Singaporean tourism stocks are small-cap and relatively illiquid, leading to the price stickiness and a slower transmission of investor sentiment into stock prices. Rather than reacting immediately and sharply, these stocks may gradually incorporate policy expectations

over a longer time frame. Although the magnitude of the response is modest, the sustained and statistically significant CAARs observed in Singapore indicate a steady assimilation of policy impacts.

Overall, these results partially support H_3 . While Chinese tourism stocks showed a stronger positive immediate response, this advantage did not persist. While initially less responsive, Singaporean tourism stocks exhibited more stable and prolonged upward trends. This comparison highlight institutional context, investor composition, and liquidity constraints would influence cross-market responses to the same international policy signal.

6 Limitation

Despite providing valuable insights into the immediate financial implications of the China– Singapore mutual visa-free policy, this study faces several limitations that constrain the generalizability and depth of its findings.

6.1 Narrow Event Window Focus Without Medium-to-Long-Term Perspective

The study adopts the event study approach, with a short-term focus in nature, limiting its analytical scope to market reactions within narrowly defined windows. The widest event window used in this paper is 21 days around the event date. While using event study is effective to capture investor sentiment, it overlooks longer-term performance dynamics. Abnormal returns could fade, reverse, or compound over time depending on subsequent policy implementation, macroeconomic shifts, or actual tourist behavior. Future work could employ panel data analysis or difference-in-differences (DID) models to investigate medium- and long-term effects, including firm earnings, inbound and outbound tourist flows, and industry profitability.

6.2 Selection of Tourism Stocks May Be Biased

This study selected tourism related stocks from WIND and Singapore Exchange industry classification, which does not account for the varying degrees of tourism exposure among firms. Some "tourism-related" companies derive only a fraction of revenue from international travel. This introduces heterogeneity that may dilute measured effects. A more refined approach might incorporate firm-level data on revenue segmentation or customer demographics to distinguish firms truly sensitive to bilateral tourism trends.

6.3 Structural Differences Between Markets

The Chinese market is characterized by higher retail investor participation, greater policy sensitivity, and more speculative trading behavior. In contrast, Singapore's capital market is more institutionally driven, with lower volatility and liquidity, evident in part from consecutive trading days with unchanged closing prices. Many SGX-listed tourism firms are small-cap or thinly traded, resulting in lower trading frequency and higher price stickiness. These differences influence the magnitude, direction, and speed of reactions to policy announcements. Future research should account for these cross-market divergences to provide a more targeted and accurate assessment of policy effects. Additionally, future studies might apply liquidity filters, volatility-adjusted return models, or intraday trading data to capture subtler responses.

6.4 Ignore of Other Policy Shocks and Contextual Factors

The study focuses on a single diplomatic event. While mutual visa-free policy is impactful, it represented only one facet of international travel policy. External shocks may confound stock performance even during the event window. A broader framework that considers multiple policy events, both positive (visa facilitation, bilateral treaties) and negative (visa bans, geopolitical conflicts), would enrich our understanding of how markets react to tourism-related diplomacy.

7 Conclusion

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This study examines how financial markets in China and Singapore responded to the announcement of China-Singapore mutual visa-free policy in January 2024. By applying a standard event study methodology formularized by MacKinlay (1997), it analyzes short-term abnormal returns among tourism-related firms in both countries, aiming to capture investor sentiment and perceived economic impact.

The results reveal that Chinese tourism stocks experienced a statistically significant positive cumulative average abnormal return (CAAR) in the immediate 3-day window surrounding the announcement. This suggests that investors in China interpreted the policy as a favorable development for cross-border travel, tourism revenue, and broader economic cooperation. However, this optimism proved short-lived, as CAARs in longer windows, 11-day and 21-day window surrounding the announcement, became negative but statistically insignificant, indicating that market participants may have reassessed their initial expectations or faced competing macroeconomic concerns.

In contrast, Singaporean tourism stocks showed statistically significant positive reaction across all windows. This result indicates a more stable and sustained investor response, despite the relatively modest magnitude of returns.

Cross-country comparison utilized difference-in-means t-test based on CAAR values provides partial support for the hypothesis that the mutual visa-free policy had a stronger shortterm positive impact on Chinese tourism stock market compared to Singaporean's. The difference is only statistically significant within the narrowest event window, indicating that Chinese tourism firms reflect faster price adjustment driven by sentiment and speculative trading. However, in wider event windows, the difference in CAAR between the two markets is not statistically significant, suggesting that the effect is short-lived and concentrated around the

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announcement date. The asymmetry also underscores the role of retail investor behavior and market sentiment in amplifying short-term price movements in China. These findings highlight the importance of contextual factors, such as market structure, firm profile, and investor base, also interweaved with the announcement of mutual visa-free policy to influence the financial reactions.

This study offers empirical evidence for the linkage between international tourism policies and capital market reactions. Through cross-market comparison, it advances the understanding of how policy signals are interpreted under varying institutional and informational contexts. The findings underscore the role of stock markets as high-frequency indicators of investor sentiment and expectations, providing a timely lens into market-level policy assessments. Moreover, the results highlight that the financial spillover effects of international policy cooperation are shaped by structural market differences, firm-level attributes, and the efficiency of information transmission.

For policymakers, the findings highlight that investor responses to travel facilitation measures, such as mutual visa-free policies, offer timely insights into how such initiatives are perceived by the market. In tourism-sensitive economies, short-term market reactions serve as meaningful signals of investor expectations, perceived policy credibility, and anticipated economic impact. These signals can inform not only policy evaluation, but also the design and communication of future initiatives. More broadly, the results suggest that travel facilitation can foster positive investor sentiment, at least in the short term, particularly in markets with high tourism exposure and responsive trading environments.

For scholars, this study contributes to a growing body of research at the intersection of visapolicy and financial economics by demonstrating how diplomatic policies are interpreted and

priced in by equity markets. It encourages future work to further investigate how institutional contexts, investor structures, and industry exposure shape market responses to non-economic policy events, particularly through comparative, cross-market approaches.

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