Summary of <Fearing the Fed:

How wall street reads main street>

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1. What are the research questions?

- What's the economic mechanism underlying the time variation in stock price sensitivity to news?

2. Why are the research questions interesting?

- **Recent studies:** the response of stock prices to MNAs is time-varying.
- **Limitations:** The exact nature of the relationship between these two channels and the drivers of their time variation are unclear.
  - One explanation is revisions to policy expectations embedded in the news.
  - Evidence of above explanation is lacking.

3. What is the paper's contribution?

- Contribute to the literature that argue the stock market's reaction to announcement surprises may depend on the state of the economy.
  - **Prior studies** concentrate on comparing the stock market's reactions.
  - **This study** improve on the measurement and characterization.
- Contribute to the literature that exploring the relationship between various news announcements and asset prices.
- Contribute to the literature studies asset markets and policy.
  - **Existing studies** look at the role of fiscal in stock return responses to macro surprises.
  - **This study** focus on time-varying of stock return responses to macro surprises.
- Contributes to the literature that analyzes the relative importance of cash flows versus discount rates.
  - **Prior studies** have wide and inconsistent conclusion.
  - **This paper** focuses on the key role that Fed plays.

4. What hypotheses are tested in the paper?

- ***Hypothesis1*** There is countercyclical sensitivity of the stock market to MNAs.
- ***Hypothesis2*** Monetary policy expectations is a key driver of time-varying stock return sensitivities.

a) These hypotheses answer the research question.

b) These hypotheses follow from common sense, and previous studies.

5. Sample

- All announcements released between January 1999 and June 2023 tabulated by Bloomberg Financial Services.
- Bloomberg forecasts could in principle reflect all available information until the publication of the MNAs.

6. Dependent and independent variables

- Use standardization of MNA surprises and normalized, which is specific.

7. Regression/prediction model specification

- Using nonlinear regression suggested by Swanson and Williams (2014), which is specific.

8. What difficulties arise in drawing inferences from the empirical work?

- There may be more information that simple nonlinear regression could not identify.

9. Describe at least one publishable and feasible extension of this research.

- The economic mechanism underlying the time variation in stock price sensitivity to news in Chinese market.
- More approach in modeling time-varying stock sensitivity.