

Summary of Macroeconomic Attention and Announcement Risk Premia

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1) What are the research questions ?

- Can macroeconomic attention(MAI) affects announcement risk premiums.

2) Why are the research questions interesting?

- Finance literature try connecting asset prices to the macroeconomy.
- Connection between endogenous attention and announcement risk premiums.
- Study the relationships between MAI, fundamentals, returns and volatility.

3) What is the paper's contribution?

- Develop new measures of attention to specific macroeconomic fundamentals MAI
 - Prior: the contents/dates of macroeconomic announcements.
- Preannouncement attention predicts premiums and changes in VIX.
 - Prior: average returns on macroeconomic announcement days
- Literature on endogenous attention theories and announcement risk premiums
 - Provides new directions.

4) What hypotheses are tested in the paper?

- Hypotheses
 - Macroeconomic announcements drive short-run fluctuations in the MAI.
 - Preannouncement attention predicts risk premium and decline in VIX.
- The logic of hypotheses
 - Fundamentals changes raise uncertainty and attention, risk aversion and the price of risk are countercyclical.
 - High attention prior to announcements suggests concern for announcements.

5)Sample

- MAI derived from NYT and WSJ print editions align with investor attention.

6) Dependent and independent variables

- MAI, which distinct from EPU, relates to different catrgory of macro news.

7) Regression/prediction model specification

- Short-run fluctuations in MAI and longer-horizon variations for macro changes.

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

- Investor sentiment influences the selection of news coverage, thereby making the MAI contain information about sentiment?

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

- Using other platforms like stock forums to measure the MAI.
- Separately measuring the MAI for institutional investors and retail investors.