Summary of *Macroeconomic Attention and Announcement Risk Premia*

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1. **What are the research questions?**
   - How does macroeconomic attention vary around scheduled announcements, and how does it respond to changes in related macroeconomic fundamentals?
   - Do macroeconomic attention indexes (MAI) predict announcement risk premiums and changes in implied volatility?
2. **Why are the research questions interesting?**
   - Finance literature has long sought to connect asset prices to the macroeconomy.
   - Macroeconomic announcement premiums and endogenous attention share same drivers.
3. **What is the paper's contribution?**
   - The authors develop new measures of attention to different macroeconomic risks, such as unemployment and monetary policy.
   - The paper establishes a link between investor attention to macroeconomic news and the risk premiums associated with scheduled economic announcements.
   - The findings support theories that suggest investors' attention is endogenous, meaning.
4. **What hypotheses are tested in the paper?**
   - H1: Macroeconomic announcements and changes in macroeconomic fundamentals are drives of MAI variations.
   - H2: For employment and FOMC, pre-MAI predicts the announcement premium and decline in VIX.

   a) Do these hypotheses follow from and answer the research questions?
   - Yes.

   b) Do these hypotheses follow from theory? Explain logic of the hypotheses.
   - Uncertainty builds between announcements until the state is revealed again at the next announcement, Theories of endogenous attention and a countercyclical price of risk.
5. **Sample: comment on the appropriateness of the sample selection procedures.**
   - The study uses a nearly 40-year sample period, starting in 1980 for the New York Times and 1984 for the Wall Street Journal, up to December 2020.
   - The study appropriately excludes weekends and holidays from the analysis, focusing only on trading days. This is crucial because financial market behavior on non-trading days can be significantly different and may not be relevant to the study's objectives.
6. **Comment on the appropriateness of variable definition and measurement.**
   - The MAI is innovatively defined based on the frequency of news articles related to specific macroeconomic risks in the New York Times and Wall Street Journal. This approach is appropriate as it captures the attention of investors and the general public towards macroeconomic news, which can influence market behavior.
7. **Comment on the appropriateness of the regress/predict model specification.**

- The baseline model specification includes pre-announcement attention as a predictor of announcement-day excess market returns and changes in VIX. This is appropriate as it allows the authors to directly test the hypothesis
- The use of pre-announcement attention as a key predictor variable is well-justified, as it captures the anticipation and focus of investors on upcoming macroeconomic news. This aligns with theories of endogenous attention and announcement risk premiums.

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

- One of the primary concerns in empirical finance is the potential for reverse causality, where the relationship between macroeconomic attention and market outcomes could be bidirectional.
- The study may not capture all variables that could influence the relationship between attention and announcement risk premiums.

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

- Given the increasing influence of digital media on investor attention, a feasible extension would be to include data from online news sources, social media platforms, and financial blogs in the construction of the Macroeconomic Attention Indexes (MAI). This would provide a more comprehensive measure of investor attention in the digital age.