

Macroeconomic Attention and Announcement Risk Premia

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1 Research questions

How to measure investors' attention to different macroeconomic risks by constructing MAI?

How does attention predict changes in risk premium and implied volatility on macro-announcement days.

2 Why are the research questions interesting?

- Finance literature has long sought to connect asset prices to the macroeconomy.
- Endogenous attention increases with increasing economic uncertainty and risk aversion.
- MAI serves as a predictive tool to help investors understand market's response to announcements.

3 What is the paper's contribution?

(1) Literature on study of macroeconomic announcements

Previous(i): Recorded the content and date of macroeconomic announcements.

This(i): Develop the MAI, new measures of attention to specific macroeconomic fundamentals.

Previous(ii): Focusing on average returns on macroeconomic announcement days.

This(ii): Pre-announcement attention predicted the risk premium and changes in VIX of the announcement.

(2) Literature on theories of endogenous attention and announcement risk premiums

Previous: Examining implications of climate risks for investor behavior.

This: Validating existing theories; propelling development of new theories.

4 What hypotheses are tested in the paper?

H1: Macro-announcements lead to fluctuations in attention to macroeconomic risks in the short term.

H2: Changes in macroeconomic fundamentals will have a long-term impact on investors' attention.

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

- Yes, these hypotheses follow from and answer the research questions.

Do these hypotheses follow from theory or are they otherwise adequately developed?

- The endogenous attention theory provides a solid theoretical foundation for the construction of MAI.

5 Sample: comment on the appropriateness of sample selection procedures.

The sample selection is appropriate, and the time interval contains sufficient information.

6 Dependent and independent variables: comment on the appropriateness.

Variables reasonably capture the market's response to macroeconomic announcements.

7 Regression model specification: comment on the appropriateness.

Future research can introduce more control variables, consider the dynamic characteristics of the model.

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

One of the primary difficulties is distinguishing between causal relationships and simple correlations.

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

Adopting a more comprehensive approach, combining print and electronic newspaper content.