

# Summary of *macroeconomic attention and announcement risk premia*

*Adlai Fisher, Charles Martineau, Jinfei Sheng (RFS, 2022)*

2024.10.23 石宛青

## 1. What are the research questions?

- Can prior investor attention to macroeconomic news(MAI) predict announcement risk premiums?

## 2. Why are the research questions interesting?

- finance literature has long sought to connect asset prices to macroeconomy.
  - important:macro announcement effect asset price strongly (Savor & Wilson,2013)
  - MA receive expected rt under preferences“generalized risk sensitivity”(Ai & Bansal,2018)
- endogenous attention increases with (a) economic uncertainty, and (b) risk aversion, or equivalently, the price of risk, which are primary determinants of MA premiums
- We test a new empirical instrument for MA risk premiums:prior investor attention

## 3. What is the paper' s contribution?

- develop the MAI, new measures of attention to specific macroeconomic fundamentals.
- contribute on literature on macroeconomic announcements.
  - **Prior**:focuses on average returns on MA days
  - **Extend**: show preannouncement attention predict risk premium and VIX change
- contribute on literature on endogenous attention and announcement risk premiums
  - **Prior**:combine attention and MA premiums based on asymmetric information
  - **Extend**: extend theories to include the idea of future information risk

## 4. What hypotheses are tested in the paper?

- Higher attention before MA should lead to higher MA-date returns and greater reductions in uncertainty(VIX).

**Do these hypotheses follow from theory? Explain logic of the hypotheses.**

- Theories of endogenous attention: Uncertainty grows between announcements until the next one shows the state. High attention before an announcement shows concern.

## 5. Comment on the appropriateness of the sample,variable,model

- 1980-2020,New York Times,Wall Street Journal,words:unemployment, monetary policy, GDP, inflation…….Investor active search is more objective?

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

- External shocks (e.g., geopolitical events, financial crises) can affect both attention and market behavior

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

- Expectations and surprises in attention before announcements.
- Bad news attracts more attention than good news; can we assign weights to construct a more reasonable attention index?