# Respondig to Teresa's Comments on Initial Draft

I incorportated most of your comments and suggestions. The major one that I have not tackled yet was the reorganization of the lit review and background, and refocusing the emphasis on market events rather than theory literature. I agree, but there are two considerations that make me want to wait. 1. I think we can more carefully hone these ideas as we are in final preparation for submission to a particular journal. Which journal we targeted journal will set the tone. 2. A more practical concern is that we need to get a draft up on the nccc 134 proceedings website. I think this is good enough as a conference paper, and we can modify as planned for journal submission.

For me, I need to just switch gears and prep the new class I'm teaching in the fall. I hope you don’t mind to finish our planned revisions and re-organizations until we are prepping for journal submission. I'm pasting the specific comments that are not address here mostly so I'll remember when we start working again later.

1. Page 2, Shall we focus on the implications of Bagehot (1971) and the other papers revised here for the correlations we aim to asses? Since our paperis mainly empirical, I am not sure if the background should be focused on the structural models literature or on empirical studies, or both.
2. Page 4: Shall we combine this and the previous section?
3. As noted, I am not sure if I would make emphasis on the theoretical models or on recent market events to stress relevance of our analysis. Are we attempting to test the validity of these models, or show how markets behave after recent changes? In the latter case I would pay more attention to describe the economic scenario, as well as recent research findings regarding the impacts of the late changes to agricultural commodity markets.
4. Page 9. I am probably not understanding what you mean here, but even if they incorporate the information several minutes before the market opens, shouldn't they conduct larger adjustments relative to a non report day?

* This is not true because the changes in bids/offers that we record and analyze, do not cross the information event. I.e., we don't include any bids or offers prior to information release. We only include bids and offers made after the information is already public.

Also, I’m attaching a file that contains all the histograms that correspond to the figures in the document. Their file names are not that informative, but when you look through the images they are named to compare. There was some question about what was causing some ‘spikes’ in the error bars on the Report days figures. The histograms reveal a little more, but there doesn’t seem to be anything standing out.