

Changes in the impact of macroeconomic news from the US and EU on stock prices on the WSE

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Abstract:

Due to very high importance of the American economy, announcements of macroeconomic indicators describing it were shown to have significant impact on financial markets all over the world. They also impact prices and volatility on European stock markets, including the Warsaw Stock Exchange. It is obvious that European markets should also react on information from the EU economies. However, due to changes observed in global economy and crises appearing in various parts of the world, the importance of macroeconomic information from the US economy and from the EU may vary in time. In this paper we investigate changes in the impact of US and EU macroeconomic news on WIG20, the main index of the WSE describing prices of the largest and the most liquid stocks. On the basis of intraday data from the period 2004-2019 we examine changes in significance and strength of the reaction of WIG20 to publications of unexpected values of various macroeconomic indicators. On the basis of the event study analysis we describe changes in the reaction of the WIG20 index in the first few minutes after news announcements.

Keywords: macroeconomic news, intraday data, WSE, event study analysis.