



International Finance Discussion Papers: How Do Fomc Actions and U.S. Macroeconomic Data Announcements Move Brazilian Sovereign Yield Spreads and Stock Prices

By Patrice Robitaille, Jennifer E Roush

Bibliogov, United States, 2013. Paperback. Book Condition: New. 246 x 189 mm. Language: English . Brand New Book ***** Print on Demand *****.This paper provides a robust structural identification of the effects of U.S. interest rates on an emerging economy s asset values. Using newly available intraday data, we investigate how surprises associated with U.S. macro data and FOMC announcements move the yield spread on a benchmark Brazilian government dollar-denominated bond and the Brazilian broad stock price index. Our study covers the period February 1999 to April 2005. We find that FOMC announcements that lead to an increase in U.S. interest rates are associated with a systematic increase in Brazil s bond spread and a systematic decline in the stock price index. Several U.S. macro data surprises, including for nonfarm payrolls and the CPI, prompt an increase in the Brazilian bond yield spread and a fall in Brazilian share prices. These combined findings suggest that, for Brazil during this period, the financial risks of higher U.S. interest rates in response to positive news about the U.S. economy dominated any benefits through trade or other channels in the determination of Brazilian asset valuations.



READ ONLINE
[9.49 MB]

Reviews

It is an remarkable pdf that I actually have actually read. It really is packed with knowledge and wisdom I am very happy to tell you that this is the finest ebook i actually have go through during my very own life and may be he very best book for actually.

-- **Hailey Jast Jr.**

It in a of my personal favorite ebook. It is probably the most awesome publication i have read through. You wont really feel monotony at anytime of the time (that's what catalogs are for regarding in the event you check with me).

-- **Juliet Kertzmann**