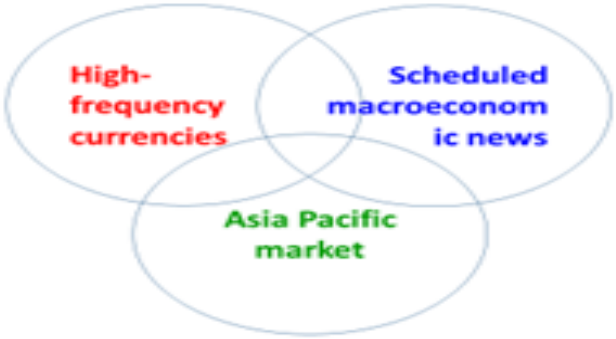
Internet Appendix A220: Finance: Macroeconomic News
Illustrative Reverse Engineered Pitch Template Example

Pitcher's Name	Yue Dong (UQ Summer Scholar)	FoR category	Foreign Exchange Market	**Date Completed**	28/01/2018
(A) Full Reference	Chan, K. F., Chhagan, M., & Marsden, A. (2017). Cross-border scheduled macroeconomic news impacts: Evidence from high-frequency Asia Pacific currencies. *Pacific-Basin Finance Journal, 43,* 37-54.				
(B) Basic Research Question	What are the speed and persistence of news impacts on high-frequency Asia Pacific currencies?				
(C) Key paper(s)	Almeida, A., Goodhart, C., & Payne, R. (1998). The effects of macroeconomic news on high frequency exchange rate behavior. *Journal of Financial and Quantitative Analysis, 33*(3), 383-408. Daniel, L., Kim, S. J., & McKenzie, M. D. (2014). The efficiency of the information processing in the Australian Dollar market: Price discovery following scheduled and unscheduled news. *International Review of Financial Analysis, 32,* 159-178. Faust, J., Rogers, J. H., Wang, S. Y. B., & Wright, J. H. (2007). The high-frequency response of exchange rates and interest rates to macroeconomic announcements. *Journal of Monetary Economics, 54*(4), 1051-1068.				
(D) Motivation/Puzzle	The authors are motivated with the effect of information flows (e.g. scheduled macroeconomic news) on foreign exchange rates. A broad range of literature investigates the relationship between macroeconomic news released from advanced economies and those frequently traded and developed-market currencies (e.g., USD). Distinguished from the prior literature, this paper examines a comprehensive set of macroeconomic announcements from both advanced and emerging economies and focuses on their effects on the Asia Pacific currencies.				
THREE	**Three** core aspects of any empirical research project i.e. the "**ID**io**T**s" guide				
(E) Idea?	The core idea of this paper is to empirically examine the impacts of macroeconomic announcement on high-frequency Asia Pacific currencies. Also, the speed and persistence of news impacts on the price change, volatilities and trading volumes have been added to this study. The key dependent variable is the change of currency rate response to scheduled announcement. While the authors construct the news surprises as the key independent variable, suggested by the prior literature.				
(F) Data?	The authors obtain tick-by-tick bid and ask quotes, realized volatilities and trade volumes for five targeted currencies (AUD, HKD, NZD, SGD and YEN) from the Thomson Reuters Tick History (TRTH) database, covering a sample period from 1998 to 2013. Moreover, the authors selected 30 influential variables from both advanced economies (e.g. Japan and Australia) and emerging economy (China), as a proxy for scheduled macroeconomic announcement. For example, US-PPI (producer price index in the U.S.), CN-TB (trade balance in Mainland China), JP-RT (retail trade in Japan) and NZ-UMP (unemployment rate in New Zealand) are included in a comprehensive set of announcements.				
(G) Tools?	This paper applies the generalized hybrid model developed by the prior literature to analyse the news impact on high-frequency Asia Pacific currencies. The intervals near the news announcements have been taken into the analysis. Both the symmetric effects (news surprise) and asymmetric effects (positive/negative news) are examined. The main regression is shown as follows: $$\frac{p_{i,t,\tau_1} - p_{i,t,\tau_2}}{p_{i,t,\tau_2}} = \alpha_i + \beta_{i,k} S_{k,t} + e_{i,t} \quad (1)$$ where $p_{i,t,\tau_1(\tau_2)}$ refers to the rate of currency i at $\tau_1(\tau_2)$ minutes before or after the scheduled announcement on day t. For the speed of news reactions, the authors fix $\tau_1 = +5$ min and vary τ_2 between -5 and $+4$ min, each with an increment of 1 min. For the persistency effect, they set $\tau_2 = 0$ and fix τ_1 at several key points (e.g. +5,+90 and +180 min).				

Cued Template taken from Faff, Robert W., Pitching Research (2017). Available at SSRN: http://ssrn.com/abstract=2462059 or http://dx.doi.org/10.2139/ssrn.2462059

TWO	**Two** key questions
(H) What's New?	This paper provides additional insight into the existing literature by focusing on the speed and persistence of news impacts on the high-frequency Asia-pacific currencies. The authors also pay attention to the annoucement from both advanced economies (e.g. Japan and U.S.) and emerging economy (China)
(I) So What?	The authors focus on five high-frequency Asia-pacific currencies with distinctive characteristics, which are some of the most actively traded currencies in the global market. And China, the U.S. and Japan are important trading partners for all the countries. Foreign exchange traders and other market participants can benefit from the results that exchange rates will react to the scheduled cross-border macroeconomic announcement (the news impacts) from these countries.
ONE	**One** bottom line
(J) Contribution?	The paper contributes to provide a better understanding how Asia-Pacific exchange rates react to a comprehensive set of scheduled cross-border macroeconomic announcements. It fills an important knowledge gap in the speed and persistence of news impact, as well as volatilities and trade volume. The results will be reliable and have additional implications for those foreign exchange traders' and other market participants to make informed decisions.
(K) 3 Key findings	1. The responses of the high-frequency currencies in Asia-pacific to economic news released domestically and from the U.S. are rapid. 2. The currency reactions to asymmetric economic news surprises and the states of the U.S. economy are heterogeneous. 3. In many cases, there is a sharp increase in realized volatility and trading volumes of the currencies before and at the time of news announcement.

What's New Mickey Mouse?



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