



< Working Papers

Stock Prices and Economic News

Douglas K. Pearce & V. Vance Roley















WORKING PAPER 1296

DOI 10.3386/w1296

ISSUE DATE March 1984

This paper examines the daily response of stock prices to announcements about the money supply, inflation, real economic activity, and the discountrate. Except for the discount rate, survey data on market participants' expectations of these announcements are used to identify the unexpected component of the announcements in order to test the efficient markets hypothesis that only the unexpected part of any announcement, the surprise, moves stock prices. The empirical results support this hypothesis and indicate further that surprises related to monetary policy significantly affect stock prices. There is only limited evidence of an impact from inflation surprises and no evidence of an impact from real activity surprises on the announcement days. There is also only weak evidence of stock price responses to surprises beyond the announcement day.

Download a PDF

Information on access

Acknowledgements and Disclosures

Download Citation

V

Published Versions

Pearce, Douglas K. and V. Vance Roley. "Stock Prices an Economic News." Journal of Business, Vol. 58, No. 1, (January 1985), pp. 49-67. citation courtesy of RePEc

Related

TOPICS Macroeconomics

PROGRAMS Monetary Economics

More from the NBER

In addition to working papers, the NBER disseminates affiliates' latest findings through a range of free periodicals — the NBER Reporter, the NBER Digest, the Bulletin on Health, and the Bulletin on Entrepreneurship — as well as online conference reports, video lectures, and interviews.



2025, 17th Annual Feldstein Lecture, N. Gregory Mankiw," The Fiscal Future"

FELDSTEIN LECTURE

PRESENTER: N. GREGORY MANKIW

N. Gregory Mankiw, Robert M. Beren Professor of Economics at Harvard University, presented the 2025 Martin Feldstein...





Methods Lecture, Summer Institute 2025 Uncovering Causal Mechanisms: Mediation Analysis and Surrogate Indices

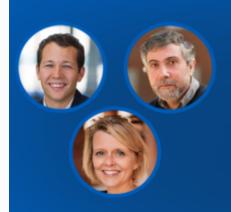
Raj Chetty, Harvard University and NBER Kosuke Imai, Harvard University July 24, 2025

<u>2025, Methods Lecture, Raj Chetty and Kosuke Imai, "Uncovering Causal Mechanisms: Mediation Analysis and Surrogate Indices"</u>

METHODS LECTURES

PRESENTERS: RAJ CHETTY & KOSUKE IMAI

SlidesBackground materials on mediationImai, Kosuke, Dustin Tingley, and Teppei Yamamoto. (2013). "Experimental Designs...



 $International\ Trade\ and\ Macroeconomics, Summer\ Institute\ 2025$

Panel on The Future of the Global Economy

Oleg Itskhoki, Harvard University and NBER Paul Krugman, City University of New York and NBER Linda Tesar, University of Michigan and NBER July 8, 2025 PRESENTERS: OLEG ITSKHOKI, PAUL R. KRUGMAN & LINDA TESAR

Supported by the Alfred P. Sloan Foundation grant #G-2023-19633, the Lynde and Harry Bradley Foundation grant #20251294...

National Bureau of Economic Research

Contact Us
1050 Massachusetts Avenue
Cambridge, MA 02138
617-868-3900
info@nber.org
webaccessibility@nber.org

HOMEPAGE

Accessibility Policy
Diversity Policy
Privacy Policy

FOLLOW













© 2025 NATIONAL BUREAU OF ECONOMIC RESEARCH. ALL RIGHTS RESERVED.