

Summary

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“Which Fundamental News Moves the Markets?

- Fundamental News and Its Impact on Equity, Bond and Foreign Exchange Markets -“

We study the impact of economic indicators on financial markets and their varying importance for the main financial segments, i.e. stocks, bonds and FX. Indicators from the USA, Germany, and Euro zone are included while market data for the German stock market (represented by the DAX-Index), the European benchmark bond market (represented by the Bund future) and EUR-USD is being used. Next to identifying the economic indicators with the power to move the market we also discuss why some indicators seem to be more relevant than others. Our key results are: a) the US Labor market indicator is by far the most important indicator; b) the importance of an indicator can generally be prejudged by its origin; c) differences in the importance of indicators can be explained by economic theory; d) behavioral aspects also seem to play a role in the importance of the indicators; and e) only some empirical observations seem to be beyond classical and behavioral theory. (JEL G15, G24, D03)