Abstract

We investigate the impact of 13 macroeconomic news variables on 5 US sector-level indices. We use the GARCH or EGARCH approach to model the macroeconomic shock effect on both the size and volatility of the individual indices. With the exception of the Major Market Index (XMI/MMI), we observe no responsiveness of the size of the indices. The index volatility appears significantly responsive and we observe some patterns in the response.