

Master thesis title:

The impact development of scheduled U.S. macroeconomic announcements on foreign exchange rates: An empirical study of the nonfarm payrolls announcement and the EURUSD over the past two decades

Abstract:

The foreign exchange market underwent countless changes throughout the last decades, which resulted in many unidentified developments. This thesis investigates 237 intraday event studies of the monthly published nonfarm payrolls announcement between the years 2000 and 2020 to identify long-term developments and patterns regarding the individual 1-minute abnormal returns for the EURUSD foreign exchange rate. Based on an explanatory sequential mixed methods research framework, the main focus is placed on the quantitative research using descriptive and inferential analysis in combination with qualitative research in the form of expert interviews. Individual peak periods of especially high abnormal returns could be found in the data and afterwards associated with corresponding potential triggers by industry experts. Additionally, a continuous decrease of the overall impact magnitude between 2017 and 2020 could be detected. Nevertheless, the nonfarm payrolls announcements still resulted in statistically significant abnormal returns throughout the past years, as also the magnitude of the abnormal returns in the equivalent estimation periods has become smaller. Decreasing volatility alongside with rising liquidity from new market participants, changing market conditions and trading behaviors are only some of the possible reasons that could be named by the interviewed experts with regards to the observed stagnating impact of the nonfarm payrolls announcement on the EURUSD foreign exchange rate.