The effect of FOMC dissent on financial markets
April 29, 2016, 14h30, ISCTE-IUL, Auditorium ONE02 (Building I)

João Madeira
University of York

Joao Madeira is a Lecturer in economics at the University of York. He obtained his PhD at Boston University in January 2009 under the supervision of Francois Gourio, Simon Gilchrist and Robert King. His main research interests are macroeconomics, finance and experimental economics. He is a contributor of the Handbook of Research Methods and Applications in Empirical Macroeconomics and his research has been published in leading economics journals such as The Review of Economics and Statistics and the European Economic Review.

[Abstract] We find that communication of the votes of FOMC members affects stock returns around the days of announcements. Since votes have been made public through press statements in 2002, stock markets gain value when votes are unanimous but lose value when dissent occurs. This pattern extends to US firm-size and industry portfolios and major international equity indexes. We reject differences in market risk, trading volume, monetary policy and other coincident events as the likely explanations for the phenomenon. We conclude that the most plausible cause lies in dissent leading to pessimistic changes in expectations of the macroeconomic outlook.