

THE IMPACT OF DOMESTIC AND FOREIGN MACROECONOMIC NEWS ON STOCK MARKET VOLATILITY: ISTANBUL STOCK EXCHANGE

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ABSTRACT

The purpose of the present paper is to examine the impact of domestic and foreign macroeconomic news announcements on the Istanbul Stock Exchange for the period between 2002 and 2010. The market reaction to the news announcements is tested within a research window through which the reaction can be filtered. The results indicate that foreign announcements do not have a significant effect, whereas domestic announcements are responsible for observed volatility in the market. In other words, within two consecutive sessions after the news is released, the market shows a marked reaction to the news.

Key words: *macroeconomic news announcement, volatility, emerging markets, ISE.*

JEL Classification: *E20, G14.*