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Macroeconomic NEWS and Capital Market Reaction: A Case of a Developing Country

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Abstract: This study investigates the impact of IMF, State bank and FATF related announcements on the performance of PSX in Pakistan. As the investor are sensitive to the economics uncertainty and economic news. The barometers for stock market performance are KSE-100, KSE-30, and KMI-30 index returns for the period of approximately two business cycle ranges from 2013 to 2021 were taken. The analysis clearly shows that IMF announcements have an impact on the movement of KSE stocks. Because Pakistan is a highly leveraged country where the debt to GDP ratio is more than 80% and above all, IMF is the main lender of our country. Moreover, there is a significant and negative impact of the State bank announcement on all proxies' stock returns, which implies the stock return decreases after the State bank's announcement related to inflation, unannounced changes in monetary policy, and discount rate. It is probed that the FATF announcements have significant and negative on all proxies' stock returns. Because, Pakistan is a member of APG and being heavily alleged by opponents for terror financing and money laundering charges. Henceforth, the white list status of Pakistan is vital to survive in the international community.

Keywords: IMF Announcements, State Bank Announcements, FATF Announcements, Pakistan stock exchange.

Introduction

In today's highly connected world, where investor sentiment may be gleaned via social media (Renault, 2017). Research focused on the effect of news on investors' expectations is especially relevant in the context of significant policy uncertainty. According to the research by Birz and Lott Jr (2011), unexpected events have a significant impact on investors' returns and the way that news is interpreted by the financial markets. Similarly, Cook and Korn (1991) posit that market participants' responses to economic data are influenced by their anticipation of the Federal Reserve's response to the news. Financial market players' expectations are shaped mostly by media reports, with self-monitoring of central bank news playing just a minor role. The media's tendency to misunderstand

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policy pronouncements is another concern highlighted by these findings. When the problems of asymmetry and non-linearity in the effect of economic news on financial assets are factored in, the right interpretation of such news releases becomes crucial.

Indeed, macroeconomic announcements play a crucial role in financial markets. Particularly, the impact of these announcements on the stock market as well has gained remarkable attention in the last few years. The quantum of the effect of said NEWS precisely on the capital market's probable reaction remains a question of concern among the research scholars. Priorly, the studies probed that macroeconomic announcements have an impact on stock prices and they established the stock volatility generated as a result of said NEWS in the day of announcements and afterward. Whereas, with the passage of time, the direction of relationships among the said variables can also emerge on the cards; macroeconomic news is essential as the stock market reacts negatively to the bad news that is announced, but the research shows that this news does not completely affect the announcement day but after some days of announcements. Therefore, macroeconomic announcements play a great role in channelizing stock prices in capital market. Stock prices can go up or down immediately after the news is announced. Normally, the spectrum of macroeconomics NEWS can be categorized as internal and external NEWS as well (Bordo & James, 2000). The external NEWS from international financial monitoring and financing institutions such as; International Monitoring institution (IMF) and Financial Action Task force (FATF), whereas the internal intervention from the State bank of concern countries. The IMF (International Monetary Fund) is an international financial institution which involves in funding the country. Normally, IMF offers different types of lending facilities to its members namely; Stand Alone Agreements, Concessional Facilities, Various Special Facilities, and Poverty Reduction Growth Trust (PRGT). The lending through PRGT generally offers to poor countries at a relatively low interest on certain economic conditions that the borrowing country must have to follow (Edwards, 1989). IMF plays an important role in developing countries as IMF provides financial help at the time of the crisis in the growing countries. IMF takes an active part in BOP (Balance of Payments) in emerging countries. In the past, IMF doesn't have any specific role, but now IMF has become the most valuable institution for the country according to the financial point of view. IMF-related news acts differently in a market, it may give information to investors or tell about the market condition of the country. IMF news also explained the reaction of IMF news at the time of the crisis. The news which is good at a crisis time for the development of the country increases the daily return, while the news which is bad at bad times decreases the return (Hayo & Kutan, 2005). As the IMF news announced in the stock market, the investor makes a perception and normally the investor thought to have more return, because IMF's generally come to help the country's economy (A. Evrensel & Kutan, 2008). In this state, IMF made many policies and provided funds to overcome the upcoming situation and help the country in such difficult situations faced by the economy (Khilar, Singh, Dash, & Sethi, 2022). The researchers have further established that IMF related NEWS has a substantial impact on the performance of the stock markets of a given country.

Secondly, the role of FATF is also very crucial because it monitors the illegal actions like terrorism financing and combating money laundering activities of member countries. It is

generally being perceived that politicians in developing countries are highly involved in money laundering and terror financing activities. Pakistan has been considerably affected by terrorism in recent years, resultantly, the mobility of illegal money is increased in local soil which ends up by putting the country in the gray list (Mukhtar, 2018). Ultimately, the act of terrorism dominantly affects the national as well as international financial markets. The aforesaid effect resultantly translates into capital market movements and it has a substantial role while defining the stock price movement (Terry & Llerena Robles, 2018; Balani, 2019).

Thirdly, the announcements by a state bank like; inflation, discount rate, monetary policies, and money supply are also very crucial for the economic health of a country. Although, the announcements of State banks play an important in for investors' perception followed by the development of the economy. There is a difference in the result of the NEWS, as the good NEWS proves beneficial whereas the bad news does not have any good effect. Furthermore, the speed of the announcement and the response of the investors are different for every respective SBP announcement (Adams, McQueen, & Wood, 2004). Discount rate announcement is made by State bank and is generally used for providing loans and it also tells the condition of the economy. Changes in discount rates play an important role in making monetary policies. Change made in the discount rate directly affects the asset prices and so affects the return (Thornton, 1998). The retort of the financial market with respect to the change in the discount rate depends upon the purpose behind the unexpected change. The return can differentiate by changing the discount rate, but it also depends upon the firm, whether the firm is large or small (Khan, 2021). The previous study revealed that the stock prices are strongly affected by macroeconomic announcements, e.g., changes in monetary policy, discount rate, and announcements about inflation. The financial market is set to quiet before the announcement, but immediately when the investor predicts any news related to a macroeconomic variable, it affects the stock prices and daily return. Daily news related to macroeconomic factors affects the prices of the stock and daily return (Ai, Han, Pan, & Xu, 2022). Henceforth, it is probed that Pakistan is a developing country and most of the time in a year its capital market felt jolts of internal and external macroeconomic NEWS reaction. Therefore, it is a decisive move to understand that how different macroeconomic NEWS probably affects the pace of daily stock return in Pakistan Stock Exchange. The study is also related to probably impact of FATF announcements pertaining to terrorism, money laundering moves on the potential hits received by stock market players. Furthermore, limited research is available on IMF announcements in Pakistan and State bank announcements' effect on daily returns in Pakistan.

The announcements related to IMF are very imperative for Pakistan as these announcements help the economy in a bad time like now and particularly in pandemic situation. The announcements made by the State Bank of Pakistan are also very beneficial because as the country is growing, the policies and announcements made by the bank create a great impact on investors' minds as they make perceptions regarding the stock market. The stock returns are also very sensitive to FATF announcements because Pakistan has predominately an inheritance of terror financing and money laundering. Henceforth, the rest of the world and local stakeholders have deep concern over the observation passed

by FATF with respect to the prevailing conditions of Pakistan. It is the mere coincidence that IMF State Bank & FATF announcements are collectively incorporated in the context of Pakistan which may be the missing link in the existing literature. By summing up all main goal, of this study is to collectively investigate the impact of these announcements, i.e, IMF announcements, State bank, and FATF announcements, on daily returns of different PSX benchmark measures.

Literature Review and Hypotheses Development

IMF Announcements and Stock Return

Macroeconomic announcements have a substantial impact on stock returns and the overall economy that highlights its importance for economics policy. IMF pronouncements also have a significant impact on the stock markets, especially during the crisis (Hayo & Kutan, 2005). The International Monetary Fund (IMF) does not provide direct financial aid, but it plays a crucial role in the development of economically disadvantaged nations. To assist with economic stabilization, the IMF injects funds into the market. It also offers a variety of crisis prevention initiatives to investors. IMF serves as a check on both the influx of foreign currency into a country and its subsequent emigration to other regions of the world within a given time frame. It also plays a crucial role in preventing the crisis and aiding numerous industries that are already in it. When the International Monetary Fund makes a proclamation, stock market investors have a better idea of what to anticipate in the future (A. Y. Evrensel & Kutan, 2004). Multiple studies have demonstrated that the value of stock returns decreases when the frequency of announcements increases. During the Asian crisis, IMF statements and initiatives had a significant impact on the wealth of investors. Politically influential individuals within the IMF may also influence the organization's public statements. Efficient market hypotheses propose that investors should react to policy and media announcements and regularly revise their expectations and beliefs regarding the future value of their investments. Major policy announcements have a significant impact on the economy.

Daily returns are affected by IMF pronouncements because they promote economic recovery. According to a number of studies, there is a negative correlation between IMF release and daily returns. The study demonstrates that IMF announcements of good news during COVID-19 were unusual (Harjoto, Rossi, & Paglia, 2021). The delayed response of the stock market to the IMF's statement on the epidemic suggests both a positive and negative relationship between announcement and returns (Khatatbeh, Hani, & Abu-Alfoul, 2020). According to studies (A. Y. Evrensel & Kutan, 2007), daily stock market returns correlate with IMF announcements. This study is guided by a central hypothesis.

H1: IMF announcements have a significant impact on daily returns.

State Bank (Central Bank) Announcement and Stock Return

Monetary policy must maintain stable stock prices for the nation to advance. Monetary policies influence the growth and development of every economic sector of a nation. When allocating capital, investors consider market prices, macroeconomic factors, and potential returns. Analysis revealed that macroeconomic news affected the stock prices of certain companies. Return and monetary policy in industrialized nations have an inverse relationship. Even in less developed nations, there is a correlation between long-term interest rates and stock prices. The central bank was more sensitive than other industries to macroeconomic announcements. It was also planned to analyze recent macroeconomic statements from industrialized nations regarding Pakistan's economy. Pakistan's monetary policy is hampered by the foreign policies of industrialized nations (Rizwan, Younas, Zahra, & Jamil, 2019). Due to their high costs and effects on financial markets, macroeconomic factors have a similar effect on investor decisions as the monetary policies of central banks. One month's worth of data was examined to determine the impact of pricing in Pakistan. The findings revealed that interest rate and money supply had a long-term but not a short-term impact on stock prices. The macroeconomic statement influenced stock prices in Pakistan (Hammad, Awan, & Shah, 2019).

The impact of central bank announcements on trading activity is positive (Brzeszczyński, Gajdka, Schabek, & Kutan, 2021). Despite the fact that the general public may be unaware of the actions taken by state banks to combat inflation, these institutions continue to take these measures. As the central bank announces inflation, the value of assets and returns decrease, while financial institutions view inflation favorably (Hubert & Maule, 2021). As stated by (Rosa & Verga, 2018). People are optimistic about inflation, so the news of rising prices does not affect them significantly. The central bank's statements have an impact on inflation, but they also influence the significance of other statements. As the market news spreads, asset prices decline and volatility rises. Hanousek, Kočenda, and Kutan (2009) concluded that the stock market reacts very slowly to macroeconomic announcements. Additionally, researchers examine the impact of central bank announcements on discount rates, as this can shed light on the monetary policies of numerous nations (Bonomo, Ferris, & Lamy, 1994). The discount rate and the firm's financial performance affect PSX companies. According to the research conducted on the Pakistan Stock Exchange (PSX), announcements regarding changes in the state bank's discount rate have a positive impact on daily stock returns; however, the effect varies over the short and long term, as well as by industry.

The daily return is especially sensitive to state bank announcements, among other factors. According to the research, investors consider positive news more than negative news. In addition, negative news releases correlate strongly with stock market declines (Kim, Ryu, & Yang, 2019). According to the data, when the central bank makes an inflation statement, investors experience anomalous gains. A global market examination revealed no statistically significant relationship between the announcement of inflation and the subsequent daily return of stocks. The return and market performance may also be affected by the monetary policy statements of a central bank (Bohl, Siklos, & Sondermann, 2008). Previous research has demonstrated that monetary policy announcements

have a strong correlation with subsequent stock market returns. Even more evidence indicates a correlation between monetary policy statements and stock price movement. Researchers discovered that monetary policy has a negative impact on returns (Bredin, Hyde, Nitzsche, & O'reilly, 2007). Every time a bank announces a change in discount rates, the market reacts strongly. It was discovered that there is an inverse relationship between the discount rate and stock return, with the return increasing as the discount rate falls and decreasing as it rises. This finding lends credence to the correlation between unexpected announcements of discount rate changes and daily returns, which occurs in most cases (Chen, Mohan, & Steiner, 1999). The research demonstrates that the discount rate of the macroeconomic component has a significant impact on stock returns (Celebi & Hönig, 2019). As a result, the following hypotheses guided our research:

H2: State bank announcements have a significant impact on daily returns.

Financial Action Task Force (FATF) Announcement and Stock Return

The Financial Action Task Force (FATF) is an indispensable organization in the fight against terrorism, financing, and other types of money laundering. There are a total of 39 member nations and two regional groups. The criteria for joining FATF are strictly adhered to. All members share certain responsibilities for complying with FATF regulations. Although some OECD employees work for the FATF at its Paris headquarters, the two organizations are not affiliated (Mukhtar, 2018).

In recent times, the increase in the number of terrorist activities makes people realize the effects of terrorism on the stock markets. Financial markets react to such attacks in different ways. Money laundering is the moving of illegal money normally into different countries through different medium. Criminals find many ways to make their money legal through this action. Many factors included in money laundering like bribery, the authority which does not have any power, tax evasion is another factor of money laundering and money can be transferred physically from one place to another (Mukhtar, 2018). The increase in the number of money laundering and terrorism attacks in the past years increases the percentage of banks transferring illegal money and the higher risk percentage. The countries which are included in the grey list are more likely to be affected. The market is directly affected by the available information and so prices. Unpredictable events occur in the country which results in more normal as well as abnormal returns. Various events have been studied by researchers to predict the impact of FATF announcements and unexpected occasions in the country. Different markets react differently to such sudden news.

Efficient Market Theory, which means that the security prices reflect all available information. This theory relates to the research because the announcements of IMF, State bank, and FATF somehow affect the stock prices and then ultimately stock return. FATF announcements are essential according to a financial point of view. As the number of terrorism increased in Pakistan and many other countries, it also enlightens the concept to study these announcements to prevent money laundering, terrorism, and their effect on stock returns. Money laundering has a significant impact on stock returns in international

countries, especially the countries included in the grey list (Collin, Cook, & Soramaki, 2016). After studying various events, the study illustrates significant abnormal returns in some countries, and in other significant negative abnormal returns occurred. The study results that money laundering has a negative impact on stock returns and increases the cost (Balani, 2019).

H3: FATF announcement has a significant impact on stock returns.

For instance, the entire model of the said study is based on how the capital market players do perceive as any substantial micro economic events reveal. Therefore, the statistically model of the study are presented from equation no.01 to 09 while have with its own specificity. Specifically, the first three equations are showing the probable relationships of KSE-100 index with the major macroeconomic events.

$$RKSE - 100_{it} = \alpha_0 + \beta_1 DIMF_{it} + \epsilon_{it} \quad (1)$$

$$RKSE - 100_{it} = \alpha_0 + \beta_1 DSBP_{it} + \epsilon_{it} \quad (2)$$

$$RKSE - 100_{it} = \alpha_0 + \beta_1 FATF_{it} + \epsilon_{it} \quad (3)$$

Whereas, the second set of equations from 4 to 6 are meant for KSE-30 index and probable impact of costal macroeconomic indicators.

$$RKSE - 30_{it} = \alpha_0 + \beta_1 DIMF_{it} + \epsilon_{it} \quad (4)$$

$$RKSE - 30_{it} = \alpha_0 + \beta_1 DSBP_{it} + \epsilon_{it} \quad (5)$$

$$RKSE - 30_{it} = \alpha_0 + \beta_1 FATF_{it} + \epsilon_{it} \quad (6)$$

While the last but never the least, the remaining set of equations are showing the relationship between KMI-30 index with major macroeconomic events.

$$RKMI - 30_{it} = \alpha_0 + \beta_1 DIMF_{it} + \epsilon_{it} \quad (7)$$

$$RKMI - 30_{it} = \alpha_0 + \beta_1 DSBP_{it} + \epsilon_{it} \quad (8)$$

$$RKMI - 30_{it} = \alpha_0 + \beta_1 FATF_{it} + \epsilon_{it} \quad (9)$$

Data and Methodology

This study intends to investigate the impact of announcements of IMF, FATF, and State Bank regarding the Pakistan on different stock indices of Pakistan Stock Exchange. Macroeconomic announcements are public announcements about macroeconomic factors that are announced on a regular basis and the effect of these announcements in the stock market has remarkable attention. In these announcements, researchers discuss IMF and State bank announcements with their impact on daily returns. IMF announcements are made at the international level that prevent the country from the financial crisis and h in the development of the country, promote international trade, and maintain financial stability. The State Bank of Pakistan is the central bank of the country and state bank announcements are essential as it describes the market position, its basic announcements are related to monetary policy, inflation, discount rates, foreign exchange, and establishing a relationship with international firms. FATF (Financial Action Task Force) is looking after terrorism and money laundering in countries and takes actions against them and prevents countries from financial disasters made by illegal activities. In this regard, the data regarding the KSE 100 index, KSE 30 index, and KMI 30 were collected from the website of PSX from 2013 to 2021. The companies mentioned in the KSE 100, KMI 30, and KSE 30 indices are well-known companies and realistic data is available there without any misconceptions. All other companies follow the listed companies in the index before investing. KSE 100, KSE 30, and KMI 30 also provide information to foreign investors regarding market reputation and about the return after investing. The information about the stock returns of that company which is listed on official websites is required in this research which researchers easily calculate from their website. This is the basic reason behind choosing KSE 100, KSE 30 & KMI 30 indexes as the research population along with in order to confirm the robustness of results. The data related to the IMF, State Bank, and FATF announcements were gathered from the website of International Monetary Fund and State Bank of Pakistan.

Furthermore, the data of the daily returns were calculated by the following formula.

$$(\text{Opening price}-\text{Closing price})/\text{Opening price}$$

However, by using event methodology, the dummy variables were created with respect to the date of each concerned announcement. For instance, to reflect the presence of IMF announcements; IMF_d, is a dummy variable created moreover, SBP_d and FATF_d are also generated for state bank and FATF announcements, respectively. Furthermore, the underlying coefficients of each respective dummy elaborate the intensity and course of the concerned impact.

Empirical Results

In essence, the study means to investigate the probable impact of different macroeconomic announcements on stock market returns. Therefore, formally in Table 1, the results of descriptive statistics indicate that the mean variance values of different proxies of market return such as: KSE100-R, KSE30-R, and KMI30-R are showing normal trends. However,

the skewness of time series describes the positive and negative spreads and kurtosis explains the normality of the said variables.

Table 1
Descriptive Statistics

Variables	Obs	Mean	Std. Dev.	Min	Max	Skewness	Kurtosis
KSE100R	2181	0.0005086	0.0109241	-0.068542	0.0500144	0.000	0.000
KSE30R	2183	0.0003618	0.0228228	-0.409056	0.687431	0.000	0.000
KMI30R	2183	0.0023941	0.0956254	-0.808136	4.094631	0.000	0.000

The results of Table No. 2 elucidate the probable associations between the costal variables such as: KSE100, KSE30, and KMI30 in order to identify the multicollinearity among the variables. The correlation coefficients between KSE100-R, KSE30-R, and KMI30-R are very low and insignificant mostly. The results of Table No.02 indicate the correlations among the said variables in low and insignificant, which implies that the data is free from multicollinearity and legitimate for further analysis.

Table 2
Correlation Analysis

Variables	KSE100	KSE30	KMI30	SBP	IMFD	FATFD
KSE100	1.000					
KSE30	-0.0287	1.000				
KMI30	-0.0513	0.0111	1.000			
SBP	-0.0197	-0.0078	-0.009	1.000		
IMFD	0.0367	0.0126	-0.0108	0.0259	1.000	
FATFD	-0.0581	-0.0004	-0.0025	-0.0009	-0.0385	1.000

Although, in order to establish the relationships between microeconomic variables and stock market returns, the study has used regression analysis. There are three proxies of stock returns such as: KSE-100, KSE-30, and KMI-30 indexes whereas microeconomic announcements are captured through; IMF, SBP, and FATF. However, the results of Model-2 show that the State Bank announcements have a negative and significant impact on KSE 100 index. Moreover, the results of Model-3 show that the FATF announcements have a negative and significant impact on KSE 100 index. In order to probe the robustness of results three different proxies of stock market indices have been used like: KSE-100, KSE-30 and KMI-30 indices. Therefore, three different regression models have been used against each of proxies.

The results of Table No. 4 indicate that the announcements of IMF, SBP, and FATF have similar outcome as predicted in Table no. 03. Similarly, SBP and FATF announcements have a significant and negative impact on KSA-30 index and IMF announcement have a positive and significant impact on KSA-30 index.

The results of Table No. 5 explain that the announcements of IMF, SBP, and FATF have similar outcome as predicted in Table no. 03 & 04. Similarly, SBP and FATF announcements have a significant and negative impact on KSA-30 index and IMF announcement have a positive and significant impact on KSA-30 index.

Table 3
Regression Analysis

VARIABLES	(Model 1)	(Model 2)	(Model 3)
	KSE100	KSE100	KSE100
IMFd	0.00121		
	-0.00107		
SBPd		-0.000687	
		-0.000761	
FATFd			-0.00380***
			-0.00144
Constant	0.000435*	0.000620**	0.000603**
	-0.00024	-0.000245	-0.000237
Observations	2,179	2,171	2,182
R-squared	0.001	0.000	0.003

Table 4
Regression Analysis

VARIABLES	(Model 1)	(Model 2)	(Model 3)
	KSE30	KSE30	KSE30
IMFd	0.00159		
	-0.00222		
SBPd		-0.000612	
		-0.00161	
FATFd			-4.31E-05
			-0.00299
Constant	0.00027	0.000396	0.000355
	-0.000502	-0.000518	-0.000495
Observations	2,181	2,173	2,184
R-squared	0.000	0.000	0.000

Table 5
Regression Analysis

VARIABLES	(Model 1)	(Model 2)	(Model 3)
	KM130	KM130	KM130
IMFd	-0.00405		
	-0.00932		
SBPd		-0.00288	
		-0.00675	
FATFd			-0.00131
			-0.0125
Constant	0.00259	0.0027	0.00243
	-0.0021	-0.00217	-0.00208
Observations	2,181	2,173	2,184
R-squared	0.000	0.000	0.000

The above analysis clearly shows that IMF announcements have an impact on the movement of KSE stocks. Because Pakistan is a highly leveraged country where the debt to GDP ratio is more than 80% and above all, IMF is the main lender of our country. Approximately, we are in the 23rd program of IMF and most of the major financial players and Pakistan do accept the vitality of fund role in changing the dynamics of Pakistan's economy. Perhaps, all results have confirmed that IMF announcements have an impact on the movement of KSE stocks. Moreover, there is a significant and negative impact of the State bank announcement on all proxies' stock returns, which implies the stock return

decreases after the State bank's announcement related to inflation, unannounced changes in monetary policy, and discount rate. In earlier studies, it was investigated that the unpredictable changes made in monetary policy affect the stock market and stock returns as well. The monetary policy announcement has a negative impact on stock returns.

It is probed that the FATF announcements have significant and negative on all proxies' stock returns. When FATF made announcements, it creates a great impact on return and the said abnormally decreases. Because Pakistan is a member of APG (Asia Pacific Group) and is heavily alleged by opponents for terror financing and money laundering charges. Henceforth, the white list status of Pakistan is vital to survive in the international community.

Conclusion

The study aims to investigate the impact of IMF, State bank and FATF related announcements on the performance of PSX in Pakistan. The barometers for stock market performance are KSE-100, KSE-30, and KMI-30 index returns for the period of two business cycle ranges from 2013 to 2021 were taken. However, the results of the study clearly indicate that all aforesaid announcements have a substantial role in defining the odds of the local stock market. In order to check the myth of robustness, three different proxies of stock returns have been used, surprisingly, all stock return measures have significant relationships with related macroeconomic announcements. Approximately, we are in the 23rd program of IMF and most of the major financial players and Pakistan do accept the vitality of fund role in changing the dynamics of Pakistan's economy. Perhaps, all results have confirmed that IMF announcements have an impact on the movement of KSE stocks. Meanwhile, the announcements made by State banks usually help investors in anticipating the future prices and the expected changes in the economy particularly, related with inflation and changes in monetary policies. Any abrupt policy shift generates a transformational effect on corporate venture to stock prices. FATF announcements are also very vital regarding terrorism actions in the country and the people involved in money laundering. These announcements about unethical actions happening in the country may result in depressing the positive sentiment in the capital market. Hence, the conclusion can be drawn that the macroeconomic announcements i.e, IMF, State bank and FATF has an impact on the return. The scope of the study can be further enhanced by including more comprehensive measures of stock performance, lengthening period and entering into cross-country comparisons. The return of other indices can also be included. The comparison of the developed and under-developed countries can be used for analysis like Pakistan and USA.

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