

ABSTRACT

The objective of this paper is to examine the relationship between US macroeconomic news announcement surprises and NAVs volatilities of equity mutual fund during period 2010 to 2016 evidence from China.

These data were collected by monthly data from January 2010 to June 2016 and which consisted of eleven macroeconomic surprise variables. These independent variables were Nonfarm Payrolls, CPI, GDP QoQ, Unemployment Rate, Retail Sales & Food Services Total MoM, Housing Starts Number MM, PMI Chicago, Import Price Index, Industrial Production, CCI and Durable Goods Orders. For the independent variables, the surprise value of each macroeconomic is utilized, based on the difference between forecasting value and actual release value from Thomson Reuter. And the depend variables are collected from Sina Finance which is the most influent mainstream media in China. The approach captures the macroeconomic announcements and the ARMA, GARCH type models known from monthly NAV which is top ten equity mutual fund in term of sizing.

For the empirical results showed the significant relationship between the independent variables and dependent variable at 5% level of confidant or 0.05 level of confidant. Our result show that most of US macroeconomic announcements have more or less significant relationship with NAVs volatilities of Chinese equity mutual fund. Several of them like GDP, House starting, Nonfarm payroll, PMI Chicago and Unemployment rate have a strong significant effect on the NAVs volatilities; Consumer price index, Retail sales, Import price index and Consumer confidence index have a weak significant relationship between them.