

# **News Effects on High Frequency Yen/Dollar Exchange Rates and its Volatility Behavior**

**Kimie Harada**<sup>\*</sup>  
and  
**Toshiaki Watanabe**<sup>\*\*</sup>

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## **Abstract**

This paper studies the high frequency reaction of the Yen/Dollar exchange rate to announced macroeconomic information emanating from Japan and the U.S. We use data sampled at a five-minute frequency over a period from six years, from January 2000 to December 2006. We find that only announced surprises of the U.S. news produce impacts both on the conditional returns and its volatilities of the Yen/Dollar exchange rate and that those of Japanese news have much less impacts. The effects on the returns are immediate however those on the volatilities appear with delay.

JEL: F3, F4, G1.

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\* Associate Professor, Graduate School of International Accounting, Chuo University, Honmura-cho 42-8, Ichigaya, Shinjuku-ku, Tokyo 162-8473 Japan. Email: kimieh@tamacc.chuo-u.ac.jp

\*\* Professor, Institute of Economic Research, Hitotsubashi University, 2-1 Naka, Kunitachi City, Tokyo 186-8603 Japan. Email: watanabe@ier.hit-u.ac.jp