

## Efficiency Aspects of Exchange Rate Response to News : Evidence from US Employment Data -Vivek Moorthy

### Abstract

This paper investigates the impact of monthly employment news, a very important measure of real activity, on dollar/mark and dollar/yen exchange rates and US interest rates during 1985-1992. The main conclusions are, first, that exchange rates display a large response to the unanticipated component of the news. Second, the response of short term interest rates is consistent with and statistically much stronger than that of exchange rates, with a more accurate interpretation of the details of the report. Third, there is some evidence of delay in the exchange rate response after the news, although not strong enough to suggest a violation of market efficiency. A novel finding is that the mark's response is always greater than that of the yen.