

MA Project

Master Program in Economics
Monetary Policies Effects on Base Metal Stocks

Impact of U.S. monetary policy shocks on base metal stock
prices: Evidence from Canada and the United States

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- **Abstract:**

This project analyzes responses of Canadian and U.S. base metal stock prices to unexpected U.S. monetary shocks. The project uses the methodology of Barakchian and Crow (2010) to identify unexpected monetary shocks using futures fed funds contracts. If the Federal Funds Rate is changed at one of the Federal Reserve Meetings and such a change was not expected by the market based on futures fed funds contracts prior to the rate announcement, that change would constitute an unexpected shock. The impact of such shocks for U.S. and Canadian base metal stock prices is analyzed in an event study. We find that stock prices in both countries react negatively to unexpected monetary shocks as predicted by the theory.