ABSTRACT

We exploit the peculiarities of commodity markets to show that news about global growth is reflected into prices, but not instantaneously. News on economic activity can be filtered in real-time from commodity prices, but such news takes several months before being fully incorporated into prices, leading to returns predictability. Coherently with the theories of overreaction and underreaction to news, we show using simulated data that the results obtained can be explained by the existence of latecomers, who process information with a delay, and positive feedback traders.