



The Effects of the FED's Monetary Policy on Tourism & Hospitality Stock Returns: Empirical Evidence from Top Tourist Destinations

Pınar Barut¹, Salih Katircioglu²

¹Faculty of Tourism, Eastern Mediterranean University, P.O. Box 99628, Famagusta,
Northern Cyprus, Via Mersin 10, Turkey

²Professor of Economics, Department of Banking and Finance, Eastern Mediterranean
University, P.O. Box 99628, Famagusta, Northern Cyprus, Via Mersin 10, TURKEY &
Member Counselor Committee, Istanbul Ticaret University, Istanbul, Turkey

Abstract

The present study examines the effects of the United States' FED monetary policy on stock returns of tourism and hospitality firms from the top ten tourist destination countries as ranked by World Tourism Organization as of 2022, which are publicly listed in stock markets. Quarterly time series data for each firm whose time series periods are heterogeneous are constructed and analyzed using econometric procedures. The autoregressive distributed lag (ARDL) results confirm long-term effects of the FED's monetary policy changes on tourism and hospitality stock returns in top tourist countries. Results reveal that changes in the FED's monetary policy generally exhibit positively significant effects on tourism and hospitality stock returns in the selected countries with only a few exceptions like the Chinese firms. Policy implications are provided during the discussion in the study.

Keywords: Monetary Policy, Stock Return, FED, Tourism, Hospitality