



**Bilkent University**

Department of Economics

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# Monetary Policy Communication

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*Bilkent University & CEPR*

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# Monetary Policy Communication



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# Worth Remembering



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3. There is public demand for outlook guidance.
4. Someone will provide it.

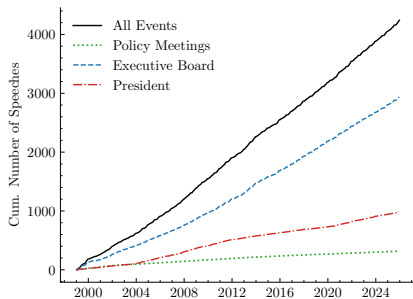


## Monetary Transmission with Frequent Policy Events

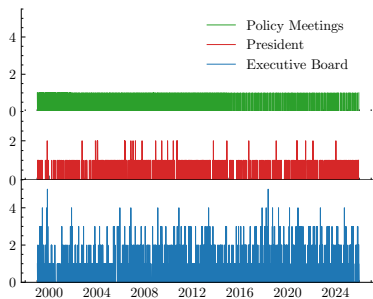
Carlo Altavilla Refet S. Gürkaynak Thilo Kind Luc Laeven



# Frequency of Communication



(a) Cumulative number of events

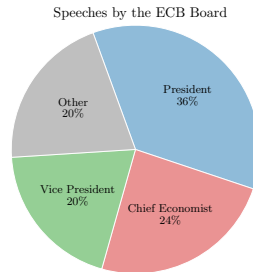
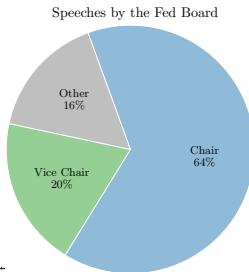
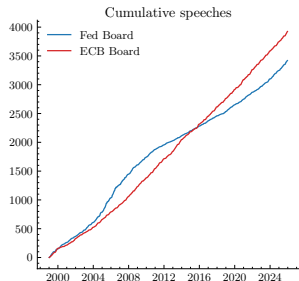


(b) Daily number of speeches

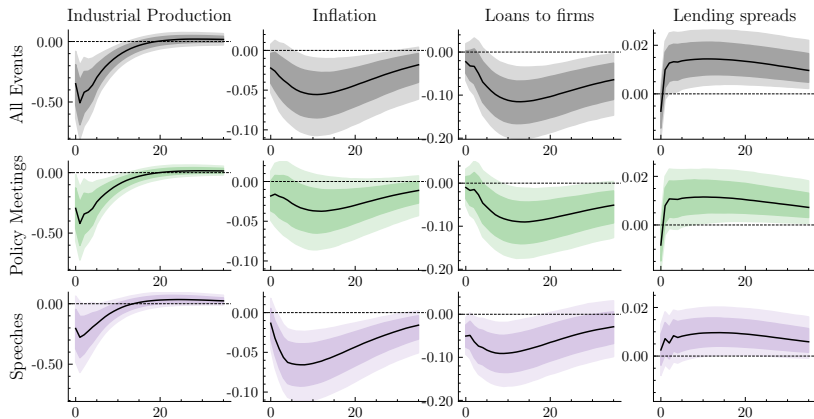
## Importance of different policy events

	OIS rates					Bond yields			
	3m	1y	2y	5y	10y	DE5Y	FR5Y	IT5Y	ES5Y
<b>Panel A: Mean absolute change [bp]</b>									
Policy Meetings	1.26	1.30	1.40	1.22	0.97	1.31	1.31	1.83	1.42
Speeches	0.23	0.44	0.63	0.79	0.79	0.86	0.88	1.18	1.04
Speeches (P)	0.25	0.55	0.78	0.90	0.86	0.96	0.97	1.21	1.16
Speeches (3h)	0.32	0.74	1.08	1.45	1.51	1.61	1.57	2.21	1.91
<b>Panel B: Sum absolute change [%]</b>									
Policy Meetings	3.68	3.80	4.11	3.58	2.84	3.83	3.80	4.83	4.15
Speeches	4.39	8.78	12.52	15.69	15.72	17.05	17.26	22.92	20.47
Speeches (P)	1.22	2.71	3.82	4.40	4.22	4.70	4.70	5.83	5.66
Speeches (3h)	6.19	14.24	21.12	27.25	28.45	30.23	29.65	39.87	35.21
<b>Panel C: Differences relative to baseline [%]</b>									
President-Other	16.30	33.01	31.24	18.07	11.62	15.28	13.70	3.55	15.56
High-Low Coverage	62.50	47.81	41.88	29.34	15.07	22.06	20.16	11.21	17.78
High-Low Relevance	61.49	32.80	45.57	17.81	15.13	13.27	15.04	21.68	14.27

# Distribution of Speakers



# Monetary Policy Transmission



# Speeches are Policy



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- ▶ More space for speech effects in absence of organized communication.

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- ▶ Not creating unnecessary uncertainty and volatility is good governance.



Thank you.

