

The IER Seminar in Empirical Economics

We would like to invite you to the **Empirical Seminar** series organized by the Institute of Economic Research, Slovak Academy of Sciences, Šancová 56 that will be held in hybrid form (online and at the library of the Institute of Economic Research, Slovak Academy of Sciences). The seminar will take place on **November 16th, 2022 at 10:00**.

The speaker will be **Martin Feldkircher** (Vienna School of International Studies (DA), Austria).

The topic of the seminar is: ***Cacophony in Central Banking? Evidence from euro area speeches on monetary policy***

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Abstract

Transparent communication is a prerequisite for delivering an effective monetary policy. In this paper, we examine over 3000 speeches from central bankers to investigate the topics euro area national banks and the ECB most frequently talk about. Text-based ideal point analysis enables us to estimate for each central bank a measure of its ideological position, which is based on differences in the tone they use to talk about the identified topics. As far as we are aware this methodology has not been applied in the present context. Our results are fourth-fold: Firstly, price stability and financial stability communication lie at the core of central bank communication in the euro area. Second, the ECB's ideal points tend to lie systematically above that of other euro area national banks, which suggests differing outstanding, ideological position. This implies that we cannot think of the ECB's ideal point as being formed by the ideological positions of its member states. Third, we observe variability in member states' ideal points over time, whereas the ECB's ideal point is rather stable. The latter finding suggests remarkable consistency in the ECB's communication strategy through both normal and crisis times. Finally, in a VAR setting, we find that changes in ideological positions impact longer-run macroeconomic expectations.

The seminar will be co-chaired by Mária Širaňová.

Link: <https://teams.microsoft.com/j/meetup-join/19%3aN1DbFP4xWw8up59Qx5Y-CJmz8Q-Y4jniJZWjqs6Q9RA1%40thread.tacv2/1665061462742?context=%7b%22Tid%22%3a%2217c92093-1286-4bb4-b6ea-02f3119dd49c%22%2c%22Oid%22%3a%227793317-80ee-4b77-a46f-c1644628f49c%22%7d>