

Who Talks During Monetary Policy Quiet Periods, and Why?

Evidence from the European Central Bank's Governing Council

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Bank of Finland & SUERF Conference

Lunch and Poster Session

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*This presentation does not necessarily reflect the views of the OeNB, the ECB or the Eurosistem.

The (not so) quiet period in the run-up to monetary policy meetings



Michael Brown @MrMBrown · 16. März



Andrew Bailey breaking the BoE's **quiet period** for the second day running...what are they doing on Threadneedle St!?



Paul Gordon @pgordon66 · 29. Nov. 2014



Not so quiet in **ECB's quiet period**. #**ECB's** Lautenschlaeger Rebuffs QE as Germans Step Up Opposition bloom.bg/1yo1zs9
@BloombergNews



Becky Quick  @BeckyQuick · 4. Nov. 2010



Shocker -- Chairman Bernanke talks about yesterday's **Fed** action in **quiet period** in Wash Post OpEd <http://wapo.st/9v6W7O>

Monetary policy quiet period (QP):

- ▶ Self-imposed discipline during days preceding policy meetings
- ▶ Statements on *future monetary policy stance & economic developments* ruled out
- ▶ Rationale: avoid strategic policy lock-ins and volatility
- ▶ QP represents a double-edged sword

Research question: Why and when do central bankers breach the quiet period?

Lack of empirical evidence on drivers of non-compliance:

→ No systematic data, classification difficulties, selection bias



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ECB-RESTRICTED

21 January 2020

SUMMARY OF RECENT POLICY STATEMENTS

BY MEMBERS OF THE GOVERNING COUNCIL OF THE ECB

SECTION I: STATEMENTS MADE DURING THE QUIET PERIOD

- breach** {
- a) *Statements made during the quiet period (16 January 2020 – 23 January 2020) referring explicitly to **the future monetary policy stance and economic developments** including statements on inflation, wage developments, economic growth, structural reforms, fiscal reforms, exchange rates, labour markets, etc.*
- non-breach** {
- b) *Statements made during the quiet period (16 January 2020 – 23 January 2020) explicitly **declining to comment** on the future monetary policy stance and economic developments.*
 - c) *Statements made during the quiet period (16 January 2020 – 23 January 2020) **not referring explicitly** to the future monetary policy stance and economic developments.*

Contributions: a primer on quiet period communication in the Eurosystem

1. Provide **descriptive statistics** on quiet period compliance
2. Identify **systematic patterns** in breaching behavior
3. Understand the **ECB's classification** of statements
4. Test for **strategic motives** in quiet period communication

The ECB's quiet period

- ▶ First introduced in 2001, covers 7 days before meetings
- ▶ Systematic monitoring since Trichet presidency
- ▶ ECB summary circulated prior to meeting, but no formal sanctions

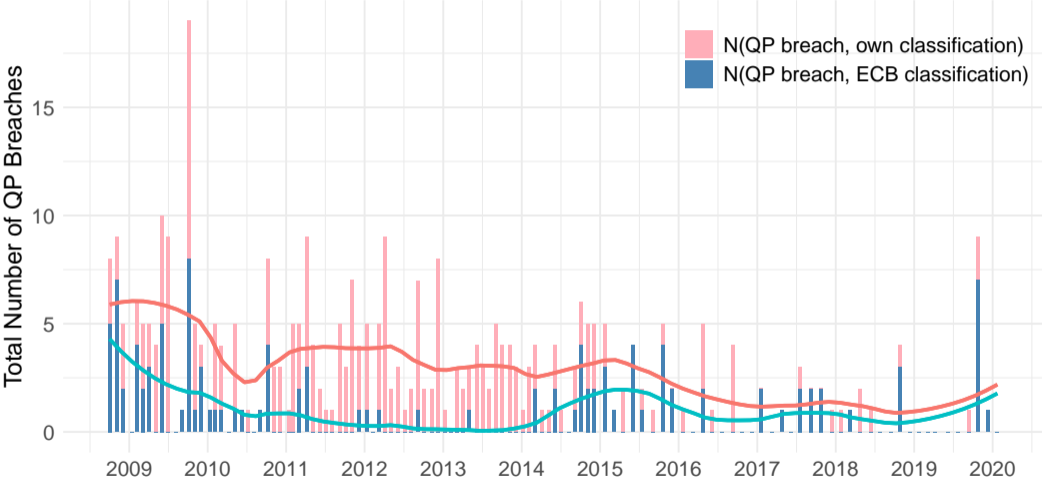
We match statement-level data from ECB summaries with:

1. Public information on GovC members (e.g. age, education)
2. National macroeconomic data (e.g. inflation, unemployment)

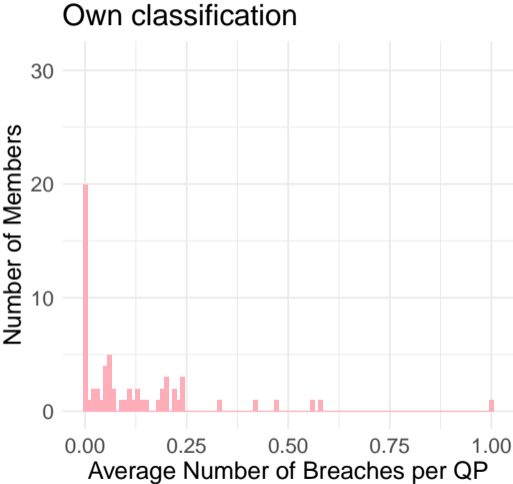
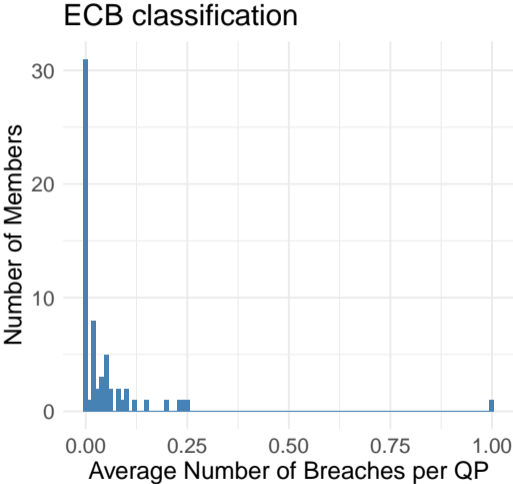
We conduct a statement-by-statement review of the ECB series:

- ▶ Main outcome: our own series of breaches

QP breaches in the euro area since 2008 (116 meetings, 64 distinct members, 112/347 breaches)



Heterogeneity in QP breaches in the euro area since 2008



Main results (I): cross-sectional variation in GovC members' QP breaches

$$\underbrace{B_{i,m,t}}_{\text{Breach dummy}} = \underbrace{\alpha}_{\text{Constant}} + \underbrace{\Lambda' S_{i,t}}_{\text{Statement controls}} + \underbrace{\Gamma' C_{m,t}}_{\text{Member + macro controls}} + \underbrace{QP_t}_{\text{QP FE}} + \underbrace{u_{i,m,t}}_{\text{Error}}$$

$C_{m,t}$: wide range of member characteristics & macroeconomic controls

$S_{i,t}$: international audience, prepared text, days to meeting

1. **Main finding:** “zero results” – **no evidence** for home bias, nor career concerns
2. Experience & expertise robustly correlated with breaching behavior
3. Results **consistent** across ECB and our own re-classified series

▶ Full results

Main results (II): differences in QP breach series

$$\underbrace{D_{i,m,t}}_{\text{Classification difference}} = \underbrace{\alpha}_{\text{Constant}} + \underbrace{\Lambda' S_{i,t}}_{\text{Statement controls}} + \underbrace{\Gamma' C_{m,t}}_{\text{Member controls}} + \underbrace{QP_t}_{\text{QP FE}} + \underbrace{u_{i,m,t}}_{\text{Error}}$$

	(1) Full period	(2) Pre-June 2014	(3) Post-June 2014
ECB board member	0.1305** (0.0498)	0.1524*** (0.0555)	0.0074 (0.0767)
Decline to comment	0.2244** (0.0893)	0.1670* (0.0901)	0.4814*** (0.0977)
Days to meeting	0.0137* (0.0072)	0.0160* (0.0082)	-0.0034 (0.0151)
Observations	903	670	233
Other controls in S and C	✓	✓	✓
Quiet period fixed effects	✓	✓	✓
R-squared	0.2149	0.1895	0.3295

Robust (clustered at member-level) standard errors in parentheses.

Do non-voting members breach QP to “lock in” colleagues?

- ▶ New test of the narrative of ECB GovC as collegial decision-making body

Identification strategy:

- ▶ Rotational schedule enters into force in Jan 2015 [▶ Rotational schedule](#)
- ▶ First schedule set in 2014 pre-determined voting rights ever since
- ▶ Voting rights orthogonal to economic developments and policy debates

$$B_{i,m,t} = \underbrace{\beta T_{m,t}}_{\text{Treatment}} + \underbrace{\Lambda' S_{i,t}}_{\text{Statement controls}} + \underbrace{\Gamma' C_{m,t}}_{\text{Time-varying controls}} + \underbrace{M_m}_{\text{Member FE}} + \underbrace{QP_t}_{\text{QP FE}} + u_{i,m,t}$$

We find no evidence that strategic communication substitutes for voting rights.

I. Correlational regressions: selection into speaking ▶ Results

- ▶ Focus on “involuntary” statements only (e.g. Parliamentary hearings)

II. Quasi-experiment: separating media demand and supply ▶ Results

- ▶ We find no effect of bearing voting rights on media demand

III. Additional results

- ▶ Different model specifications
- ▶ Analysis of total communication during QP
- ▶ *Ex post* meeting outcome *not* associated with strategic communication ▶ Plot

“Zero results” with policy implications:

- Home bias does not seem to play a role for QP behaviour
- No rotational voting effect on QP behaviour
- Relative absence of classic career concerns: only small transparency lever?

QP definition and clarity:

- Frequent breaches & classification hard to reproduce
- Clarification of QP rules might be helpful

Work in progress:

- ▶ “Market-driven” classification into breaches and non-breaches
- ▶ What explains anonymous leaks (so-called “sources stories”)?

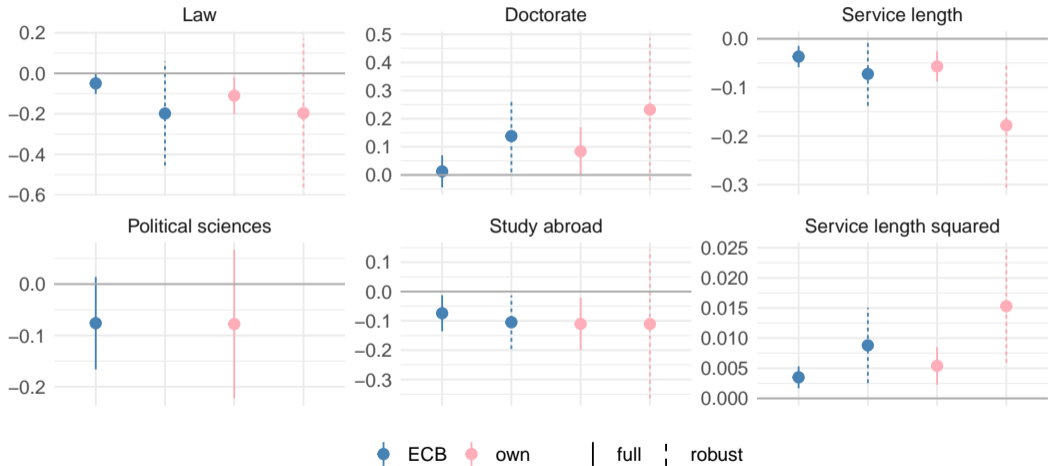
APPENDIX

Exploring cross-sectional variation in GovC members' QP breaches: results

▶ Table

▶ B1

▶ B2

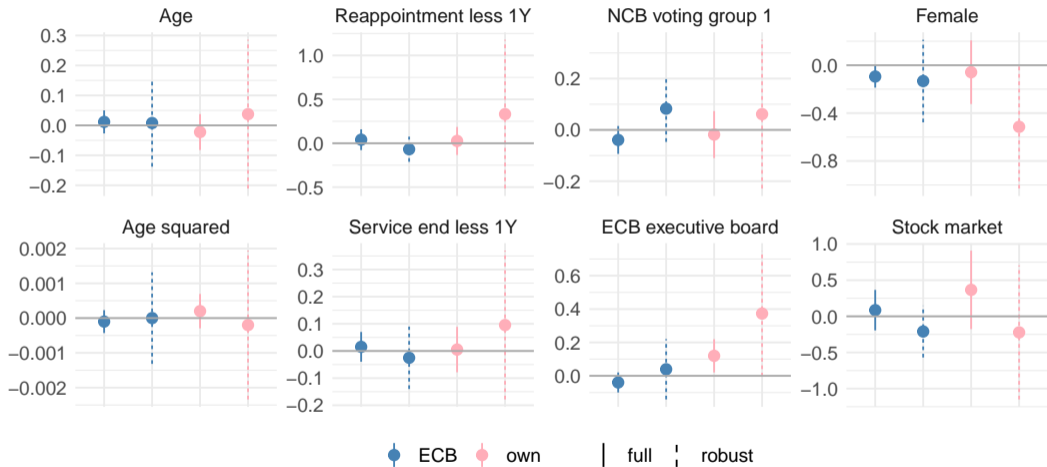


Exploring cross-sectional variation in GovC members' QP breaches: results (contd.)

▶ Table

▶ B1

▶ B2



Part 1.

Classification	(1)	(2)	(3)	(4)	(5)
Sample	ECB class. full	ECB class. robust	own class. full	own class. robust	total comm. full (member-level)
Age	0.0116 (0.0234)	0.0078 (0.0885)	-0.0223 (0.0364)	0.0375 (0.1509)	-0.1139* (0.0624)
Age (squared)	-0.0001 (0.0002)	-0.0000 (0.0008)	0.0002 (0.0003)	-0.0002 (0.0013)	0.0010* (0.0006)
Reappointment \leq 1Y	0.0403 (0.0718)	-0.0683 (0.0871)	0.0260 (0.0968)	0.3316 (0.5150)	0.0257 (0.0510)
Service end \leq 1Y	0.0152 (0.0333)	-0.0251 (0.0698)	0.0052 (0.0508)	0.0955 (0.1665)	0.0012 (0.0640)
NCB voting group 1	-0.0392 (0.0330)	0.0827 (0.0787)	-0.0182 (0.0556)	0.0614 (0.1762)	0.1904* (0.1059)
ECB board member	-0.0397 (0.0365)	0.0394 (0.1098)	0.1199* (0.0604)	0.3731 (0.2290)	0.1210 (0.0968)
Female	-0.0947* (0.0562)	-0.1325 (0.2095)	-0.0586 (0.1613)	-0.5145 (0.3130)	-0.0893 (0.1015)

Base categories: economics/bus. admin./finance; no doctoral degree; NCB voting group 2

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Part 2.

Classification Sample	(1)	(2)	(3)	(4)	(5)
	ECB class. full	ECB class. robust	own class. full	own class. robust	total comm. full (member-level)
Law	-0.0496 (0.0318)	-0.1983 (0.1562)	-0.1102* (0.0558)	-0.1964 (0.2232)	-0.1406* (0.0835)
Political sciences	-0.0761 (0.0547)		-0.0778 (0.0880)		-0.0386 (0.0802)
Doctorate	0.0127 (0.0348)	0.1384* (0.0782)	0.0841 (0.0519)	0.2324 (0.1532)	-0.0617 (0.0802)
Study abroad	-0.0741* (0.0374)	-0.1047* (0.0556)	-0.1105** (0.0542)	-0.1109 (0.1542)	-0.0613 (0.0883)
Service length	-0.0366*** (0.0133)	-0.0724* (0.0398)	-0.0567*** (0.0190)	-0.1782** (0.0776)	-0.0093 (0.0193)
Serv. length (squared)	0.0035*** (0.0011)	0.0088** (0.0038)	0.0054*** (0.0019)	0.0153** (0.0057)	-0.0001 (0.0012)

Base categories: economics/bus. admin./finance; no doctoral degree; NCB voting group 2

Robust (clustered at member-level) standard errors in parentheses.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Part 3.

Classification	(1)	(2)	(3)	(4)	(5)
Sample	ECB class. full	ECB class. robust	own class. full	own class. robust	total comm. full (member-level)
Inflation (yoy)	0.0152 (0.0161)	-0.0400 (0.0326)	0.0022 (0.0223)	-0.0323 (0.0415)	-0.0118 (0.0206)
Unemp. (rel. Δ yoy)	0.0379 (0.0615)	-0.1307 (0.1618)	-0.0227 (0.1487)	-0.0277 (0.3555)	-0.2063 (0.1911)
10Y sov. yield (Δ)	-0.0245 (0.0260)	0.0518 (0.0450)	0.0065 (0.0489)	0.0797 (0.0737)	-0.0239 (0.0317)
Stock market (returns)	0.0855 (0.1701)	-0.2101 (0.2182)	0.3660 (0.3295)	-0.2224 (0.5635)	-0.4962** (0.1878)

Base categories: economics/bus. admin./finance; no doctoral degree; NCB voting group 2

Robust (clustered at member-level) standard errors in parentheses.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Part 4.

	(1)	(2)	(3)	(4)	(5)
Classification	ECB class.	ECB class.	own class.	own class.	total comm.
Sample	full	robust	full	robust	full (member-level)
International audience	-0.0012 (0.0202)	-0.1119 (0.0988)	0.0670* (0.0396)	-0.1115 (0.1944)	
Prepared text	-0.0401** (0.0195)		0.0015 (0.0430)		
Days to meeting	0.0063 (0.0058)	-0.0028 (0.0205)	0.0197** (0.0089)	-0.0061 (0.0308)	
Observations	903	69	903	69	2,635
Clustered SE	✓	✓	✓	✓	✓
Quiet period fixed effects	✓	×	✓	×	✓
R-squared	0.2785	0.3078	0.2431	0.2382	0.1825

Base categories: economics/bus. admin./finance; no doctoral degree; NCB voting group 2

Robust (clustered at member-level) standard errors in parentheses.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Classification	(1) ECB class.	(2) ECB class.	(3) own class.	(4) own class.
Treatment	0.0354 (0.1190)	-0.0069 (0.1213)	0.0917 (0.1356)	0.0398 (0.1559)
Treatment \times NCB voting group 2		0.1632 (0.2350)		0.2005 (0.2439)
Observations	157	157	157	157
Clustered SE	✓	✓	✓	✓
Control vectors $\mathbf{C}_{m,t}$ and $\mathbf{S}_{i,t}$	✓	✓	✓	✓
Member fixed effects	✓	✓	✓	✓
Quiet period fixed effects	✓	✓	✓	✓
R-squared	0.5699	0.5722	0.5589	0.5616

Base category for treatment interaction: NCB voting group 1 (ES, FR, GER, IT, NL).

Robust (clustered at member-level) standard errors in parentheses.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Impact of rotational voting on QP breaches: member-level regressions [▶ Back](#)

Dependent variable Type	(1) Total comm. (binary)	(2) Total comm. (binary)	(3) Total comm. (count)	(4) Total comm. (count)
Treatment	-0.0369 (0.0230)	0.0023 (0.0319)	-0.0614** (0.0259)	-0.0407 (0.0366)
Treatment × NCB voting group 2		-0.0539 (0.0410)		-0.0285 (0.0473)
Observations	737	737	737	737
Clustered SE	✓	✓	✓	✓
Control vector $\mathbf{C}_{m,t}$	✓	✓	✓	✓
Member fixed effects	✓	✓	✓	✓
Quiet period fixed effects	✓	✓	✓	✓
R-squared	0.1471	0.1479	0.1446	0.1448

Base category for treatment interaction: NCB voting group 1 (ES, FR, GER, IT, NL).

Robust (clustered at member-level) standard errors in parentheses.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Dependent variable	(1) Strictly relevant meetings	(2) Total number of calendar entries
Treatment	-0.0930 (0.2300)	0.5501 (0.5710)
Observations	136	136
Clustered SE	✓	✓
Control vector $\mathbf{C}_{m,t}$	✓	✓
Member fixed effects	✓	✓
Quiet period fixed effects	✓	✓
R-squared	0.2474	0.4007

Robust (clustered at member-level) standard errors in parentheses.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

First rotational voting schedule of ECB GovC (2015) [▶ Back](#)

Governing Council Members - Group 1		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
President, Deutsche Bundesbank	Jens Weidmann	✓	✓	✓	✓	✗	✓	✓	✓	✓	✗	✓	✓
Governor, Banco de España	Luis María Linde	✗	✓	✓	✓	✓	✗	✓	✓	✓	✓	✗	✓
Governor, Banque de France	Christian Noyer	✓	✗	✓	✓	✓	✓	✗	✓	✓	✓	✓	✗
Governor, Banca d'Italia	Ignazio Visco	✓	✓	✗	✓	✓	✓	✓	✗	✓	✓	✓	✓
President, De Nederlandsche Bank	Klaas Knot	✓	✓	✓	✗	✓	✓	✓	✓	✗	✓	✓	✓
Governing Council Members - Group 2		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Governor, Nationale Bank van België/Banque Nationale de Belgique	Jan Smets	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗
Governor, Eesti Pank	Ardo Hansson	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Governor, Central Bank of Ireland	Patrick Honohan	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Governor, Bank of Greece	Yannis Stourmaras	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Governor, Central Bank of Cyprus	Chrystalla Georgiadji	✓	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓
Chairman of the Board, Lietuvos bankas	Vitas Vasiliauskas	✓	✓	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓
Governor, Latvijas Banka	Ilmārs Rimšēvičs	✓	✓	✓	✗	✗	✗	✓	✓	✓	✓	✓	✓
Governor, Banque centrale du Luxembourg	Gaston Reinesch	✓	✓	✓	✓	✗	✗	✗	✓	✓	✓	✓	✓
Governor, Central Bank of Malta	Josef Bonnici	✓	✓	✓	✓	✓	✗	✗	✗	✓	✓	✓	✓
Governor, Oesterreichische Nationalbank	Ewald Nowotny	✓	✓	✓	✓	✓	✓	✗	✗	✗	✓	✓	✓
Governor, Banco de Portugal	Carlos Costa	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✓	✓
Governor, Banka Slovenije	Boštjan Jazbec	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✓
Governor, Národná banka Slovenska	Jozef Makúch	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗
Governor, Suomen Pankki - Finlands Bank	Erkki Liikanen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗

Example: CBI Governor meeting calendars [▶ Back](#)



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Administrative Information

Appointment Diaries

Appointments diaries contain details of appointments and meetings. Some information is withheld for confidentiality or data protection reasons.

Governor's Appointment Diaries



[2020 Governor Makhlouf's Appointment Diary \(Jan-Mar\) | pdf 288 KB](#)



[2019 Governor Makhlouf's Appointment Diary | pdf 816 KB](#)



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