

Central Bank Update – September 28, 2022

- Overall Sentiment
- Mandates
- Passivity
- Agreement
- Uncertainty



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Fed Sentiment Remains Hawkish

- The Bank of England's sentiment pivoted towards a more hawkish attitude.
- The Federal Reserve has presented the least volatile sentiment as they focus on assuring investors of their intent to bring down inflation.

Words/phases such as 'tightening', 'raise rates', 'price stabilizing' in Central Bank communications show Hawkish sentiment.

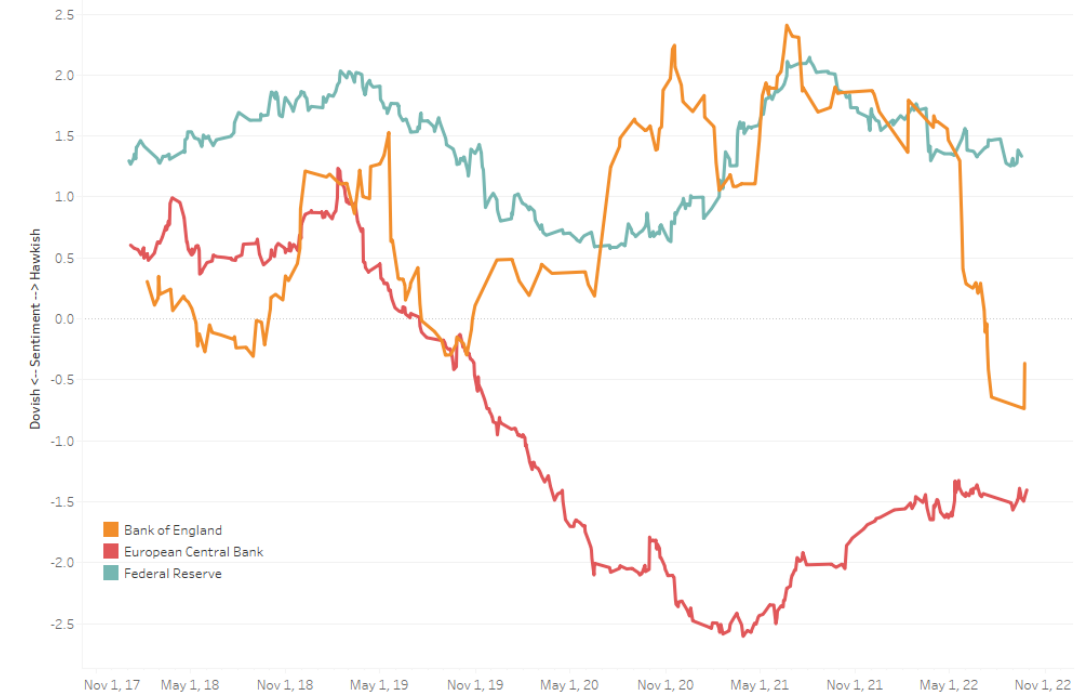
Words /phases such as 'volatility', 'losses', 'liquidity risk' show Dovish sentiment.

Spread is Hawkish-Dovish

Central Banks Hawkish or Dovish

Z-Scored Difference in Rolling 1-year Hawkish and Dovish Sentiment in Central Bank Speeches

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Mandates

- Inflation continues to be the primary mandate for Central Banks.

Words /phases such as 'full employment', 'jobs', and 'unemployment' show Full employment.

Words /phases such as 'Prices', 'wage', 'consumer prices' show the Inflation Mandate.

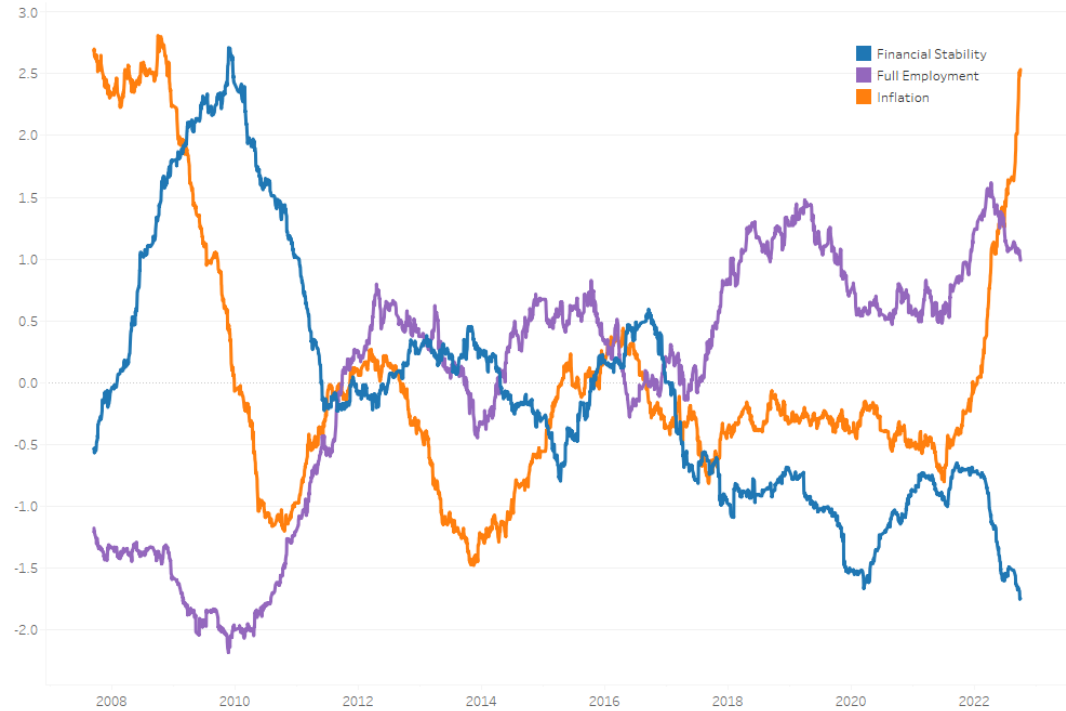
Words /phases such as 'derivates', 'liquidity' and 'trading' show Financial Stability.

This chart includes the Federal Reserve, European Central Bank, Bank of England, Reserve Bank of Australia, and the Bank of Canada.

Central Bank Mandates

Z-Scored Rolling 1-year Average Proportion of Mandate Discussion to High Frequency Words

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Passivity

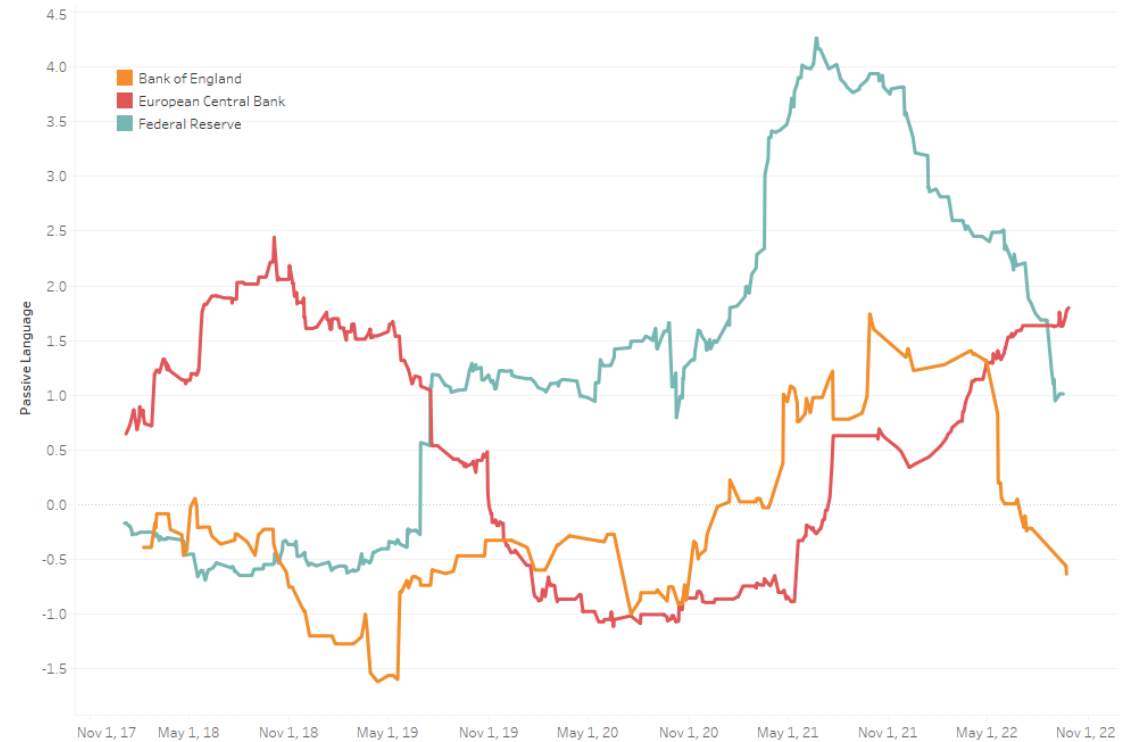
- The ECB recently overtook the Fed in passivity. This comes as President Lagarde of the ECB committed to “several” hikes.

Words/phases such as ‘wait’, ‘sometime’, ‘patience’ represent passive language.

Central Banks Use of Passive Language

Z-Scored Rolling 1-year Average Ratio of Passive to High Frequency Language in Central Bank Speeches

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Agreement

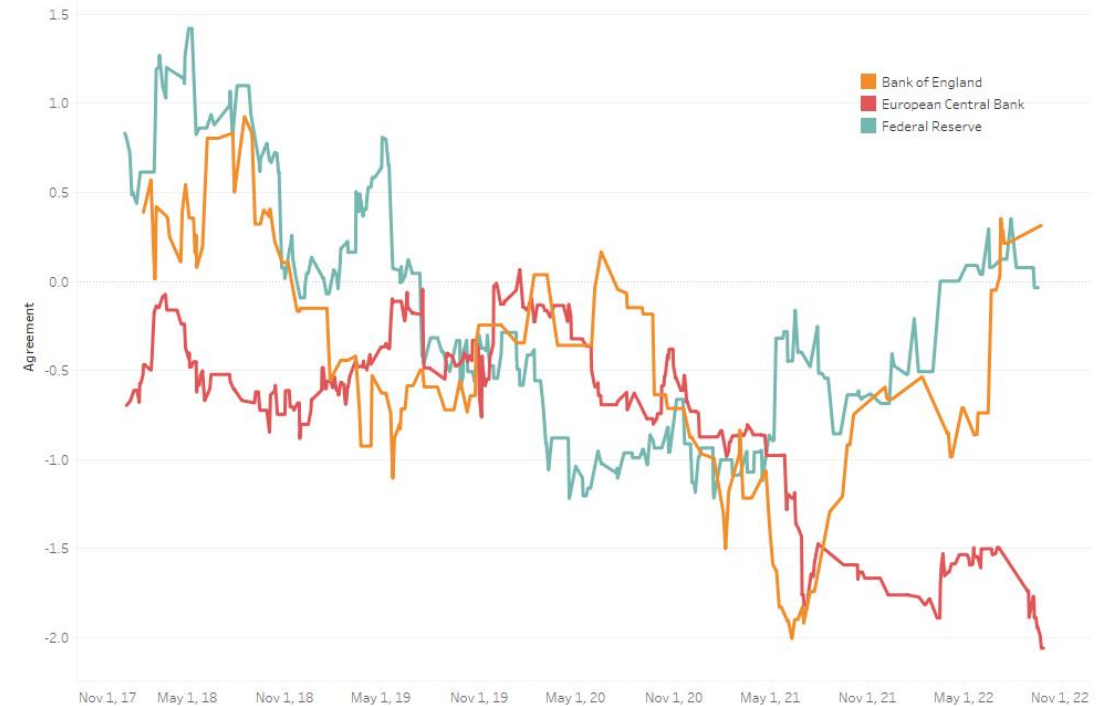
- The ECB remains the only central bank remaining well below average levels of unity.

Words such as 'agree', and 'agreement' represent agreement in language.

Internal Unity

Z-Scored Rolling 1-year Average Agreement in Central Bank Speeches

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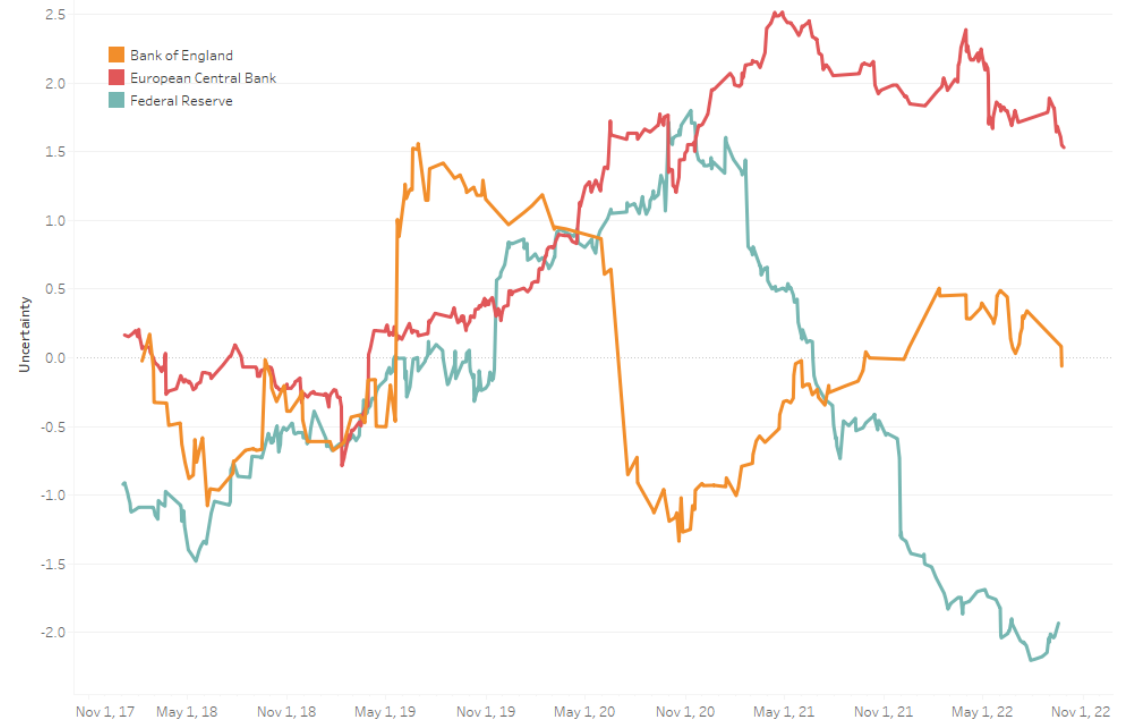
Uncertainty

- The Federal Reserve continued to hold its spot as the least “uncertain” central bank.

Words such as ‘complex’, ‘disagree’, ‘uncertainty’ represent uncertainty in language.

Uncertainty in Central Bank Communications
Z-Scored Rolling 1-year Average Uncertainty in Central Bank Speeches

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