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Abstract

ECB Communication and its Impact on Financial Markets
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Abstract
This paper introduces the Euro Area Communication Event-Study Database (EA-CED), a new dataset tracking intraday financial market movements around 304ECB Governing Council meetings (ECBGC) and 5,100 inter-meeting communication(IMC) events by GC members, primarily in the form of speeches and interviews.We document that IMC events are associated with significant market movementsoften comparable to, or larger than, those following ECB policy announcements,particularly for longer maturity yields. Importantly, these effects are not limitedto communication from the ECB President but also from other Governing Councilmembers. Like ECBGC announcements, IMC events convey multidimensional infor-mation: three structurally identified factors explain a large share of the yield curvemovements around IMC surprises. Finally, we show that IMC events provide relevantinformation for identifying the effects of monetary policy shocks on euro area outputand inflation in a Bayesian Vector Autoregression model.