

## Emerging Scholar Award for Excellence in Research and Public Policy, Honorable Mention

“Words Matter: How Federal Reserve  
Communications Impact Financial Markets”

**Raul Tadle**  
PhD Candidate, University of California Santa Cruz



Since 2005, the Federal Open Market Committee (FOMC), the main Federal Reserve committee, has regularly released its minutes three weeks after its meetings. These include meeting discussions as well as the FOMC members' outlook about the economy. Raul assigns an index to FOMC minutes in order to determine if the sentiments obtained from the information therein can be classified as hawkish (analogous to improving economic conditions and stronger inflationary pressures) or dovish (related to deteriorating economic outlook and subdued price changes). He compares the sentiments of the discussions in the minutes to the sentiments of information in corresponding FOMC statements released immediately after the meetings and calculate the surprise component of the relative sentiments. He then evaluates how this news shock in the minutes impacts broad equity and real estate investment trust indices, as well as the exchange rate valuation of different world currencies against the U.S. Dollar. His findings indicate that financial assets respond to the minutes based on the type of news shock they contain and that financial markets react more significantly after the Federal Open Market Committee's date-based policy guidance period is implemented.

Raul Tadle is a Ph.D. Candidate in Economics at the University of California, Santa Cruz who specializes in macroeconomics, monetary policy, and finance. He examines Federal Reserve communication strategies, particularly the meeting documents, and evaluates their impacts on financial markets. He aims to study the effects of Federal Open Market Committee communication on the real economy and to determine if this impact is widespread or limited to a subsection of households and firms.

**Thursday, April 27th, 2017 at 12:00-1:00pm**

**UC Center Sacramento 1130 K Street, Room LL3 Sacramento, CA 95814**

**Lunch will be served**

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