

Summary of Let's face it: Quantifying the impact of nonverbal communication in FOMC press conferences

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Journal of Monetary Economics

December 18, 2024 Yanrui Zhou

1. What are the research questions?

- Whether investors notice Fed Chairs' facial expressions and behave accordingly?

2. Why are the research questions interesting?

- Communication becomes more important for policymakers and market participants.
- This paper examines the facial expressions of communication which is novel.

3. What is the paper's contribution?

1. the literature on the signaling channel of monetary policy.
 - **Past studies:** focus on verbal communication.
 - **Expand:** study facial expressions.
2. the literature on FOMC press conferences.
 - **Past studies:** study verbal and nonverbal communication.
 - **Expand:** split conference information into verbal and nonverbal components.
3. the literature on nonverbal communication in finance.
 - **Past studies:** nonverbal communication by executives impacts firm outcomes.
 - **Expand:** considers a new important context: central bank communication.

4. What hypotheses are tested in the paper?

- H1: investors adversely react to Chairs' negative facial expressions.

a) Do these hypotheses follow from and answer the research questions?

- Yes.

b) Do these hypotheses follow from theory? Explain logic of the hypotheses.

- theory: nonverbal communication plays a large role in human interactions while facial expressions in particular play an important role.
- logic: H1 studies whether investors react to facial expressions.

5. Sample: comment on the appropriateness of the sample selection procedures.

- The sample contains press conferences between years 2011 and 2020 which is proper.

6. Comment on the appropriateness of variable definition and measurement.

- Variables about market and facial expression are based on prior studies which is proper.

7. Comment on the appropriateness of the regress/predict model specification.

- The regression model is specified well since control variables and FEs are considered.

8. What difficulties arise in drawing inferences from the empirical work?

- The empirical work just treats negative facial expressions as a single category.

9. Describe at least one publishable and feasible extension of this research.

- study whether there exists longer influence.
- study other cases such economic meetings.