



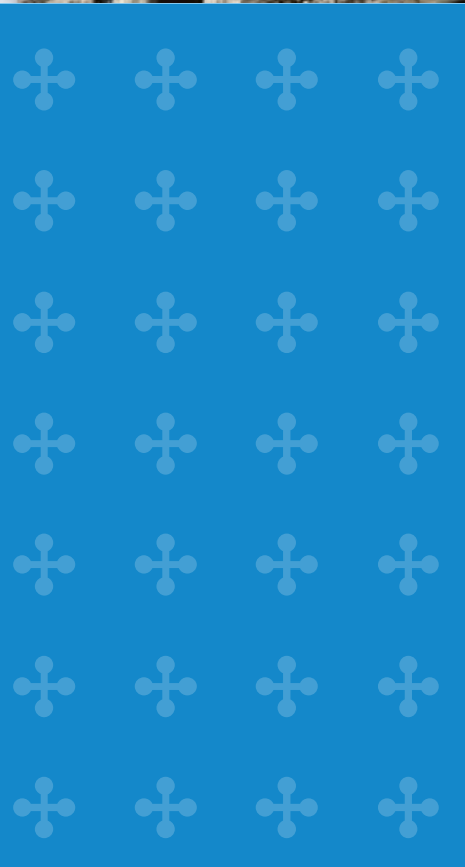
Bank of England

In Depth Crisis Analysis

How Words Move Markets (1997-2022)

Tuesday 18th November 2025

BIU – Mohammed Ahmed, Cecilia Bebeacua, Ángel Casillas Joya, Francesco Giannone, Noah McQuinn Farrand, Oliver Megrn



Where we left off



FOMC Roberta model chosen



Crisis triples sentiment impact



Tone moved from reactive to disciplined



Reaction happened within 1-4 weeks

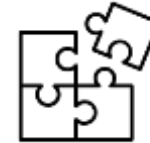


Equities and VIX were most responsive

What's next



Zoom in to Crisis periods



GFC, BREXIT, COVID



Isolate effectiveness of BoE communication

Research Question

How effective was the BoE at communicating policy through crisis periods?



25 years



1,200+
speeches



3 Crisis periods



5+ market
indicators

Our Approach

- Scraped and processed thousands of speeches
- Extracted sentiment using transformer-based models
- Classified speech topics (MonPol, Regulation, Climate, Payments)
- Linked speeches to 12 financial variables
- Measured incremental R^2 for market impact
- Analysed tone–policy stance consistency
- Conducted crisis-by-crisis comparisons

Our Approach

Compared crisis behaviour

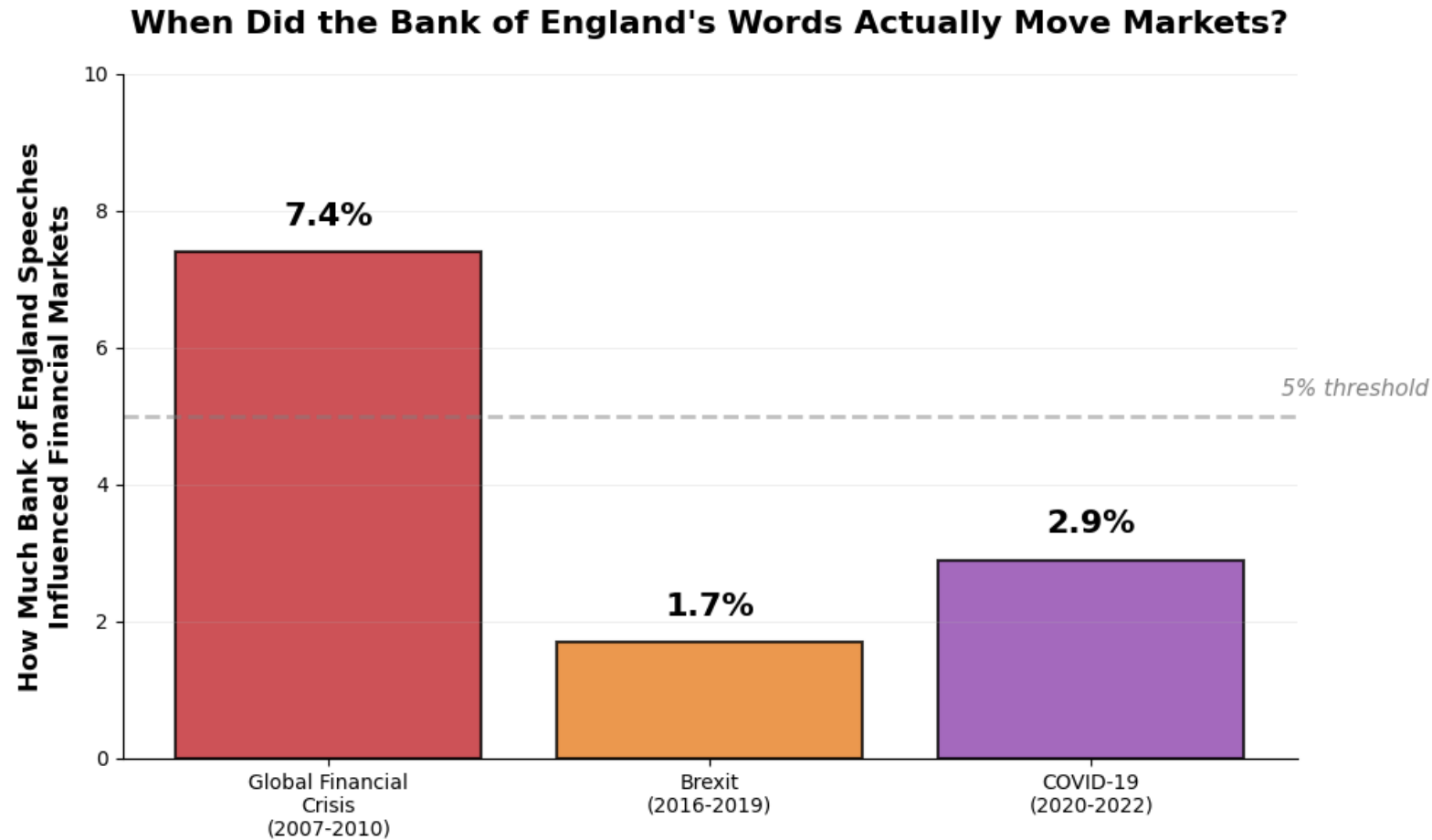
How much role did sentiment play?

Tone vs Policy

Language shifts

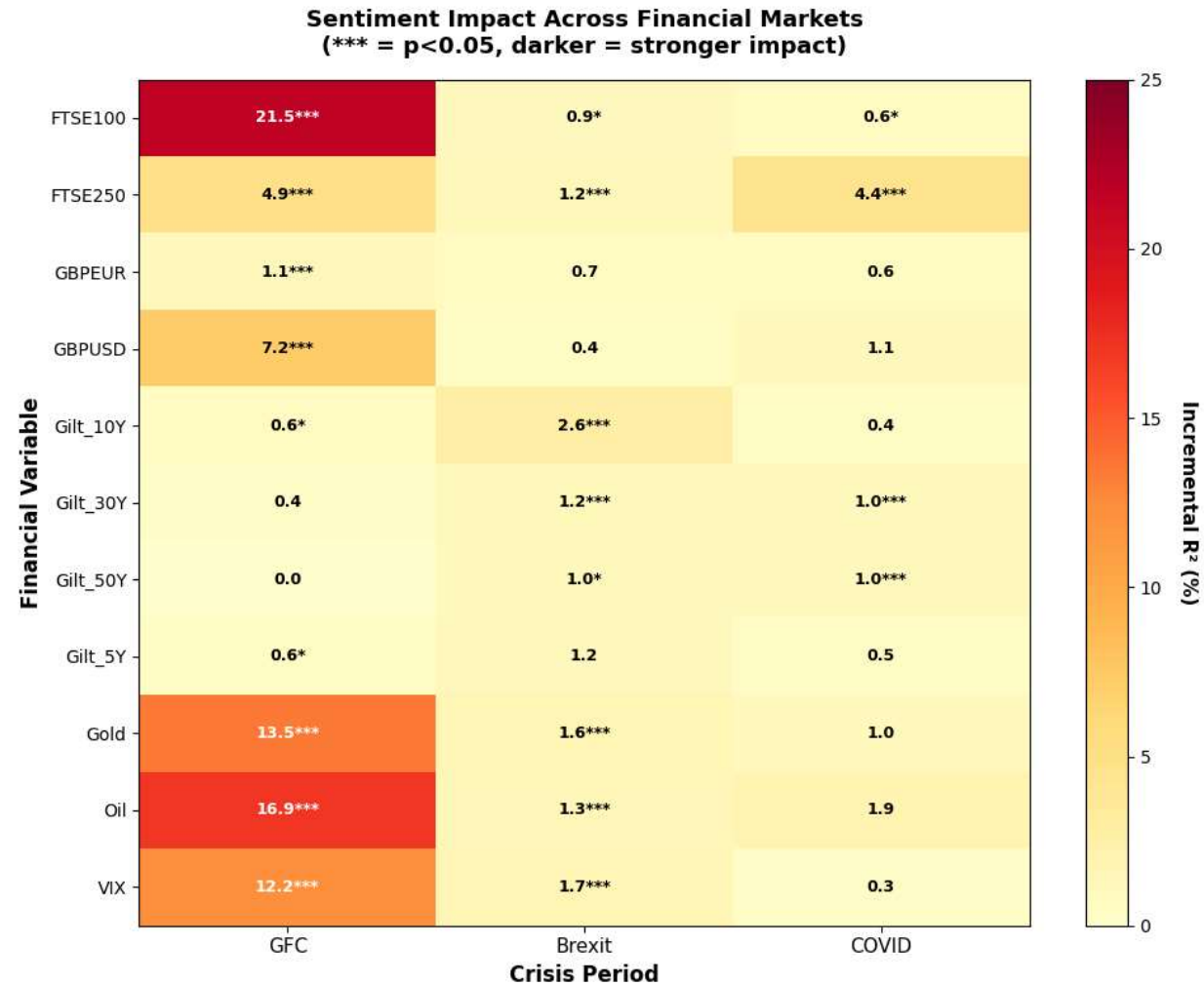
Topic analysis

Comparison at a Glance

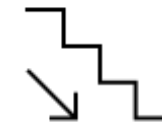
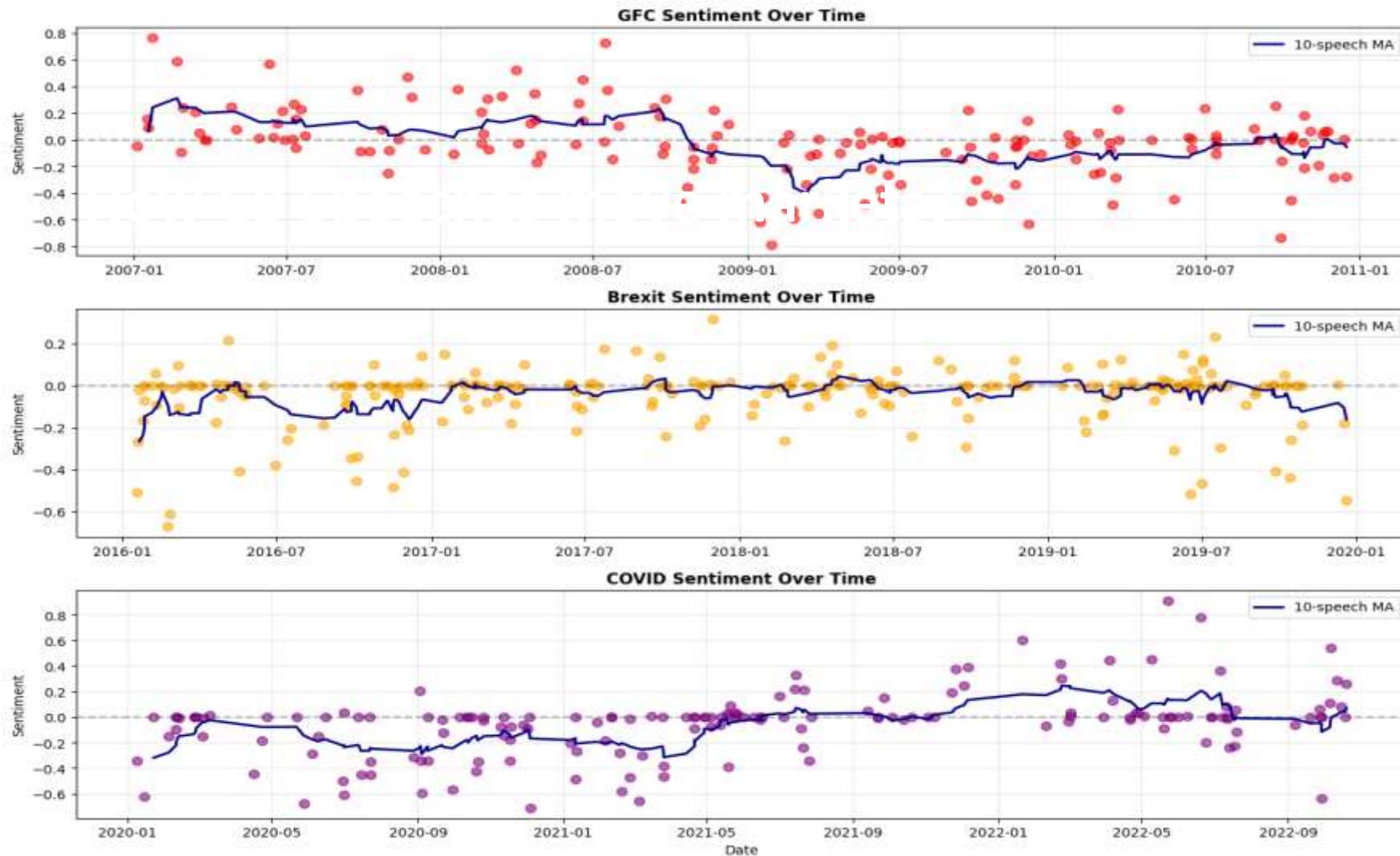


GFC stands out as the only crisis where communication meaningfully drove market behaviour.

Sentiment vs the market



Sentiment through crisis



GFC: Tone collapses with liquidity stress.



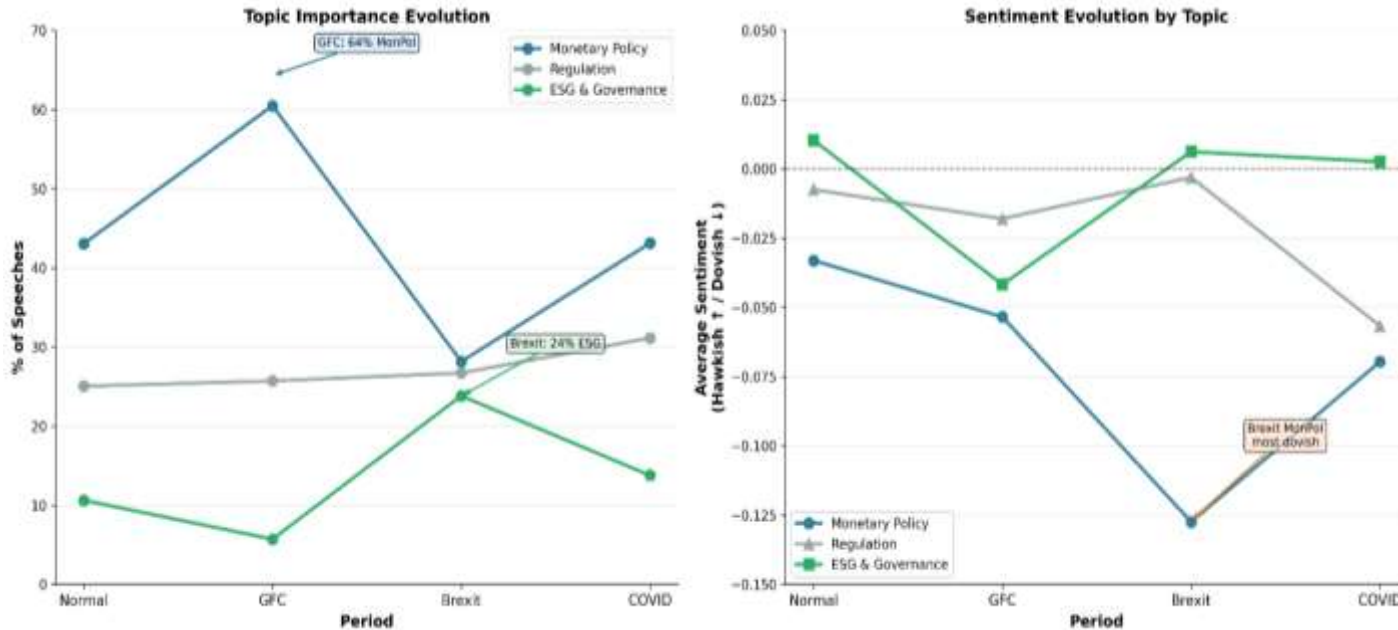
Brexit: Tone remains steady despite volatility.



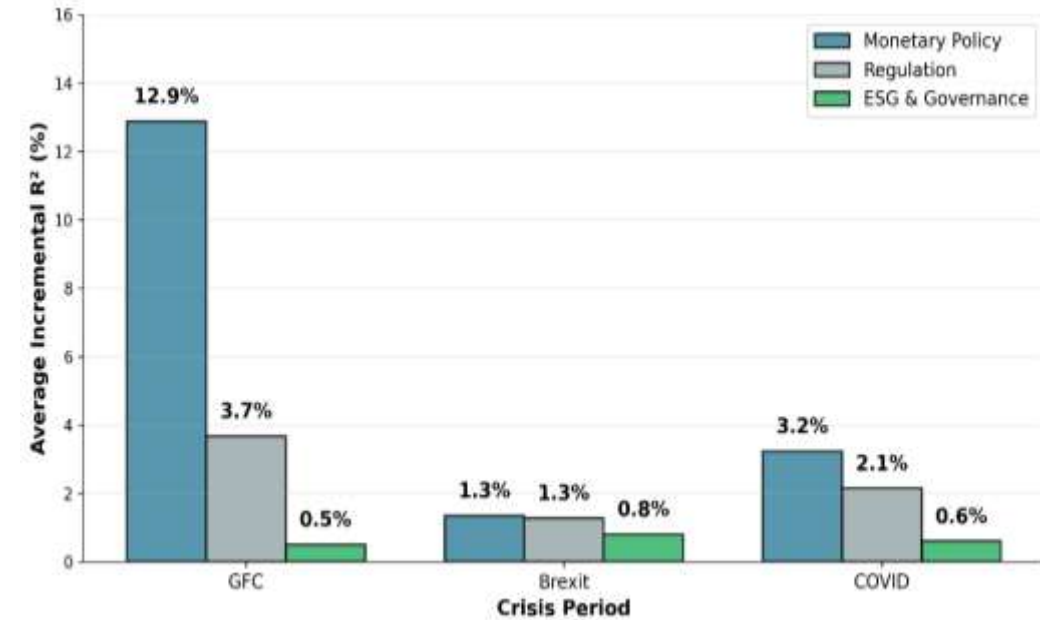
COVID: Tone rebounds with rapid policy support.

Topical talk

What the bank spoke about



How this moved markets

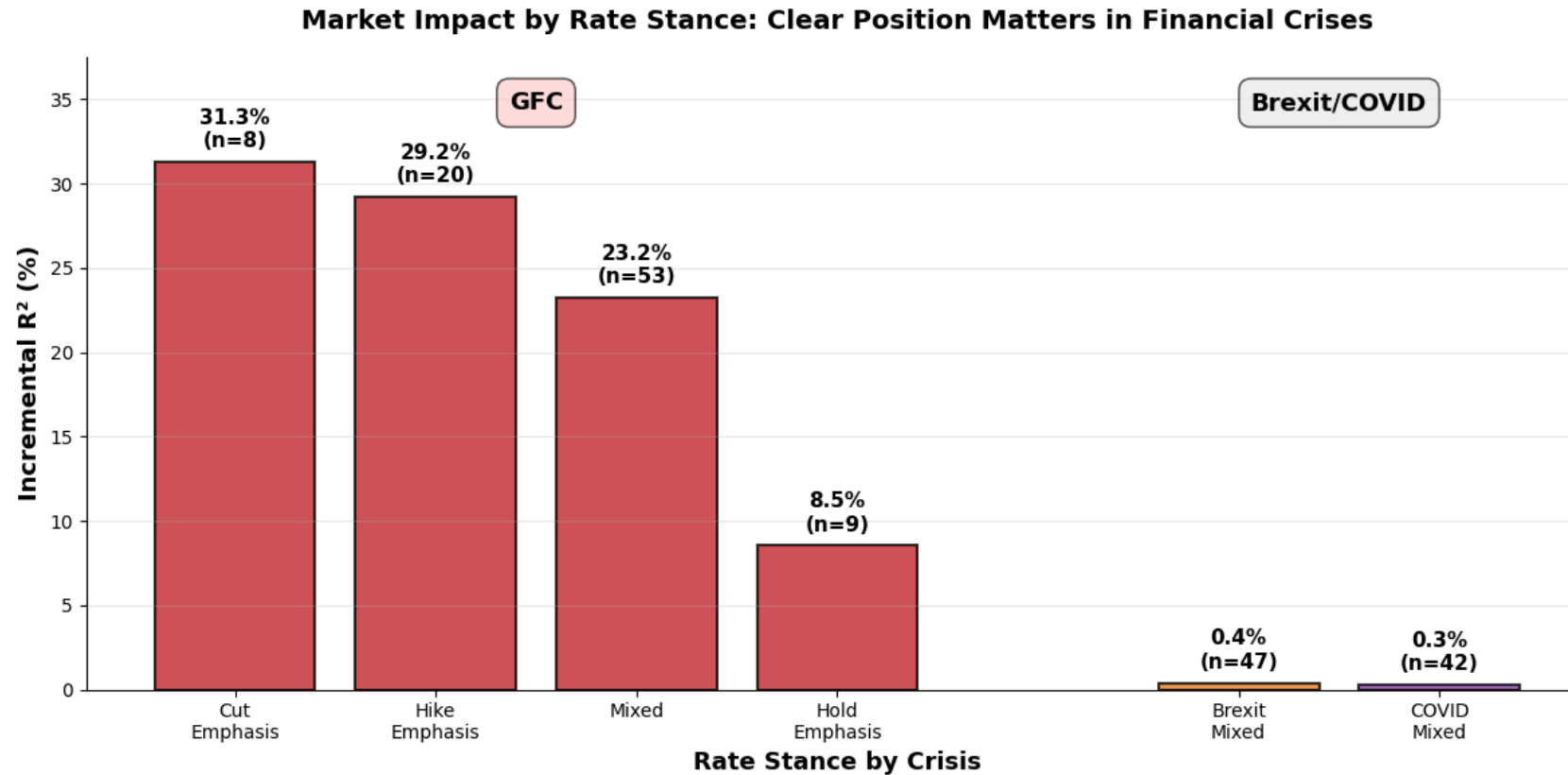


? GFC dominated by Monetary Policy (64%)

? Brexit: ESG talk surged, tone became most dovish

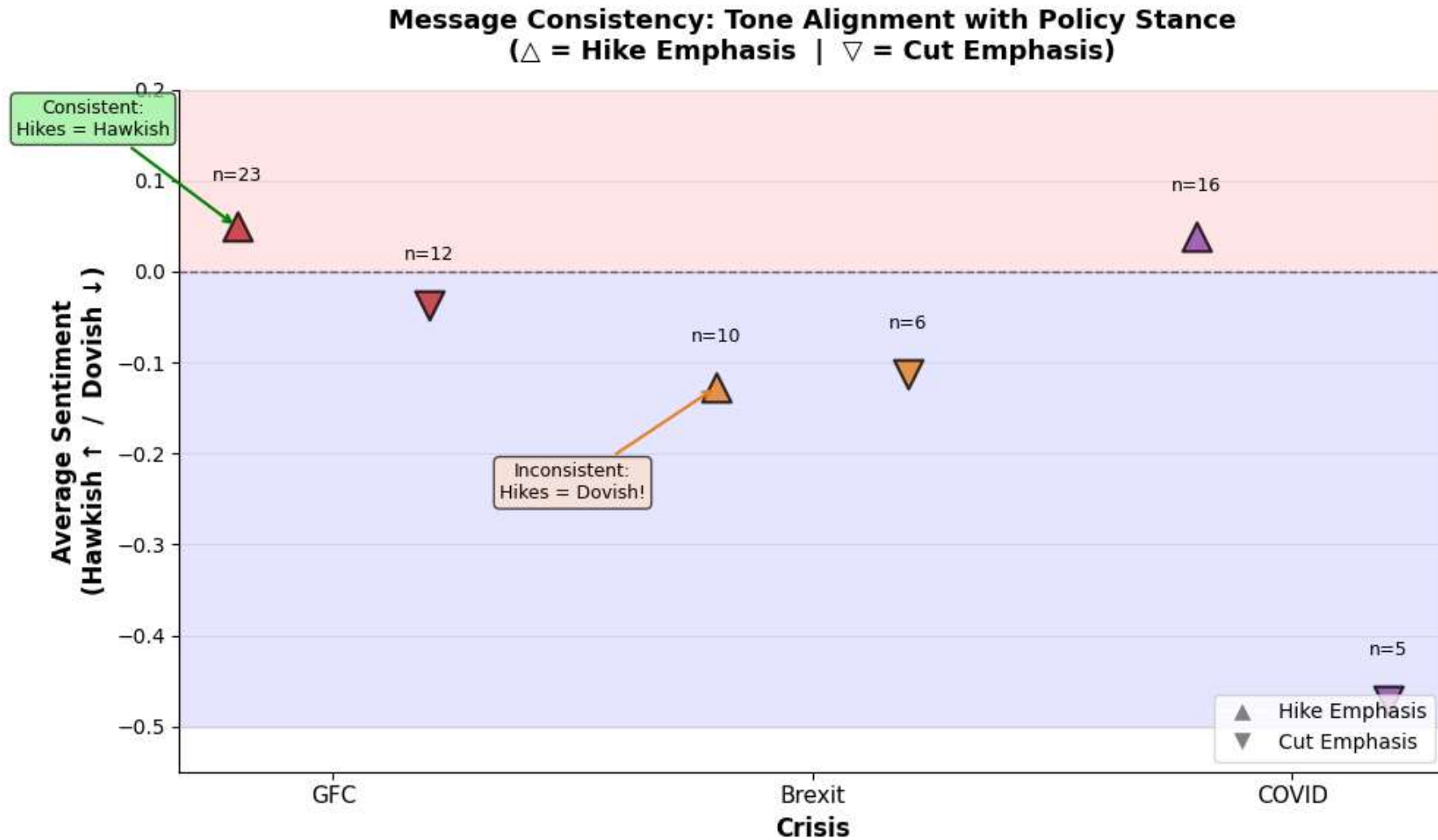
? Only Monetary Policy reliably moved markets

Not all sentiment was created equal

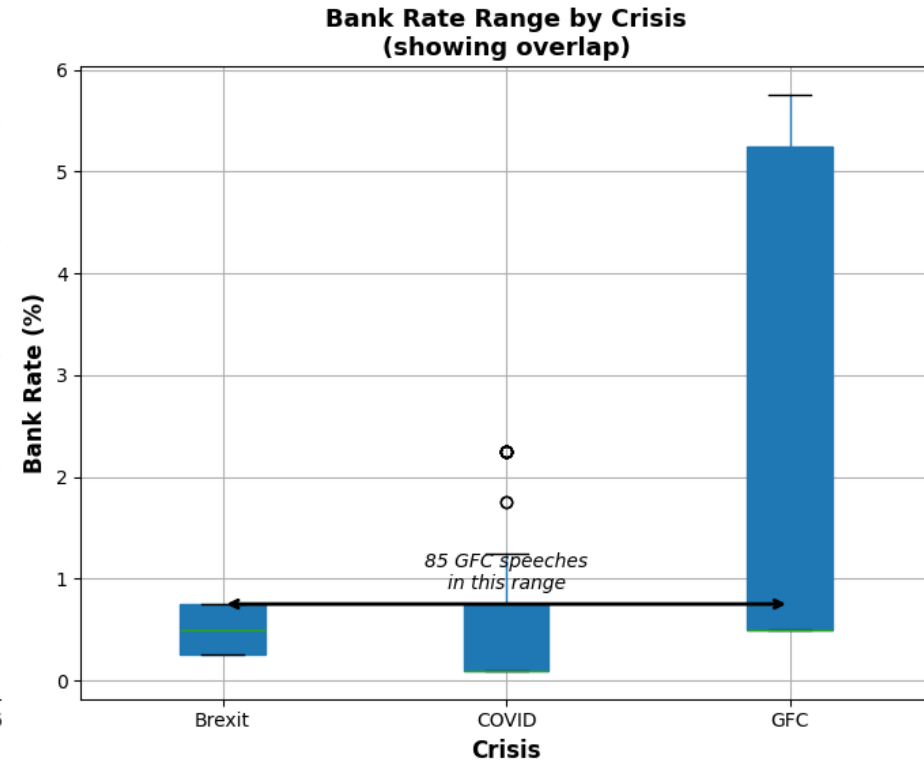
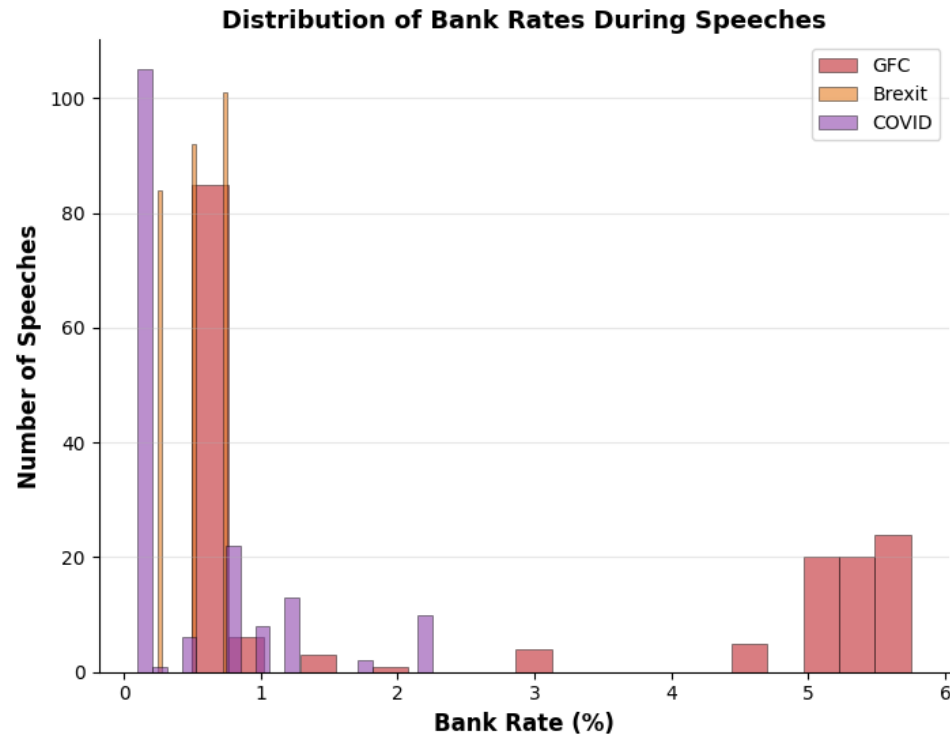


Ambiguity was 22.9% more effective in a financial crisis than in political unrest.

Practice what you preach



Why the GFC was different: Policy Space



[illegible]

2nd biggest cut 4 Dec 08

14 sept - bank runs



Pre ref May 16



Ref vote 23 June 16



Policy response 4 Aug 16



Pre pandemic Signal NOV
19 – JAN 20



First Lockdown

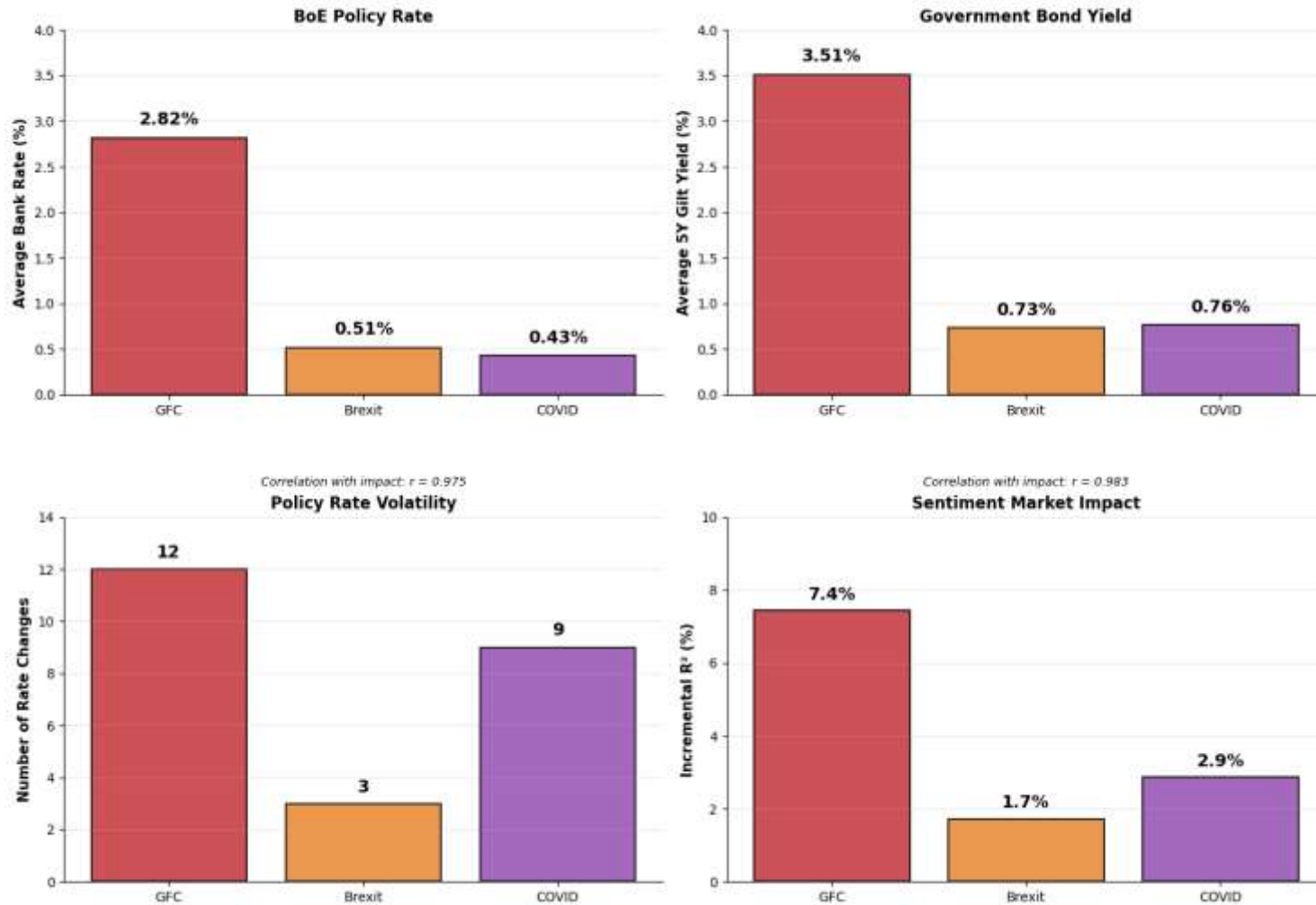
MAY 20



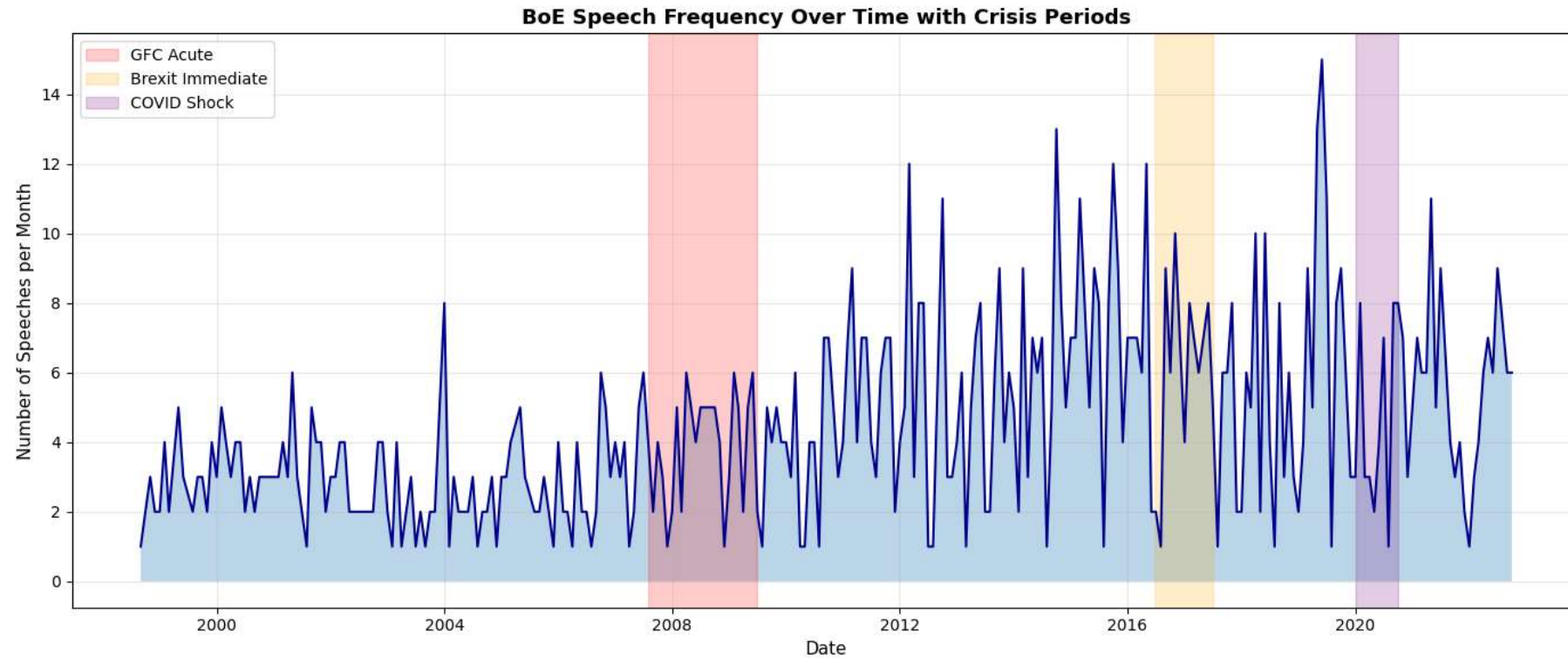
Market Stabilisation JUN – SEPT 20

Research Question

Rate Environment and Sentiment Impact Across Crises



Speech frequency



Research Question

Research Question

Research Question