

Summary of Threats to central bank independence: High-frequency identification with twitter

Francesco Bianchi et al.

Journal of Monetary Economics

1. **What are the research questions?**
 - How do political statements on social media about central bank affect market expectations, asset prices and central bank independence?
2. **Why are the research questions interesting?**
 - Central bank independence is vital and this paper fills the gap between political communication and central bank independence.
3. **What is the paper's contribution?**
 1. the literature on monetary policy and high-frequency data.
 - **Past studies:** identify monetary policy shocks using high-frequency data.
 - **Expand:** use tweets by President Trump that pressure the Fed to lower interest rates as the news component.
 2. the literature on central bank independence.
 - **Past studies:** construct independence indices and examine its affects.
 - **Expand:** identify the threats to central bank independence.
 3. the literature examining the effect of informal communication of policymakers.
 - **Expand:** identify particular instances of how direct pressure from the President affects expected policy decisions.
4. **What hypotheses are tested in the paper?**
 - H: Political statements on social media about central bank can influence the market expectation, asset prices and central bank decision.
 - 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: political pressure can influence central bank.
5. **Sample: comment on the appropriateness of the sample selection procedures.**
 - The sample contains tweets of Trump and high-frequency data from 2015 to 2021.
6. **Comment on the appropriateness of variable definition and measurement.**
 - Variables about market are identified well which is proper.
7. **Comment on the appropriateness of the regress/predict model specification.**
 - The model can capture the dynamic response of market which is proper.
8. **What difficulties arise in drawing inferences from the empirical work?**
 - The number of observations is small which makes the results not convincing.
9. **Describe at least one publishable and feasible extension of this research.**
 - study the influence of different politicians (party/nation...).
 - study the tone of political statement.
10. **Describe the relationship between papers.**
 - The three articles collectively examine the impact of central bank communication on public perception, with a focus on the role of social media in transmitting information, and this one studies the tweets of Trump.