

## General Discussion of ‘Central Bank Communication of Uncertainty’

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The discussion centred on measuring and interpreting ‘surprises’ and ‘confirmations’ for central banks, and their relationship to policy decisions. Participants noted the need to differentiate between hawkish/dovish surprises and confirmations. Changes in central bank communications of surprises and confirmations over time, and their responses to supply versus demand shocks, were acknowledged as valuable areas for further research that have not been fully explored.

There was debate over what central bank surprise measures capture, with terms like ‘risk’ often reflecting conventional discourse rather than representing true surprises. The relationship with policy direction was highlighted, with ‘confirmation’ suggested as potentially associated with tightening due to the longer duration of tightening cycles, while policy easing tends to be more rapid.

Other topics discussed include:

- The importance of studying lead–lag patterns and the influence of priors on the predictability of surprises.
- Oddities in surprises, which were attributed to variations in how surprises are quantified, including the ratio of meaningful to total words in central bank communications.
- Suggestions to align central bank surprise indices with broader economic activity surprise indices.
- Whether central banks tend to adjust their narratives in response to surprises.