

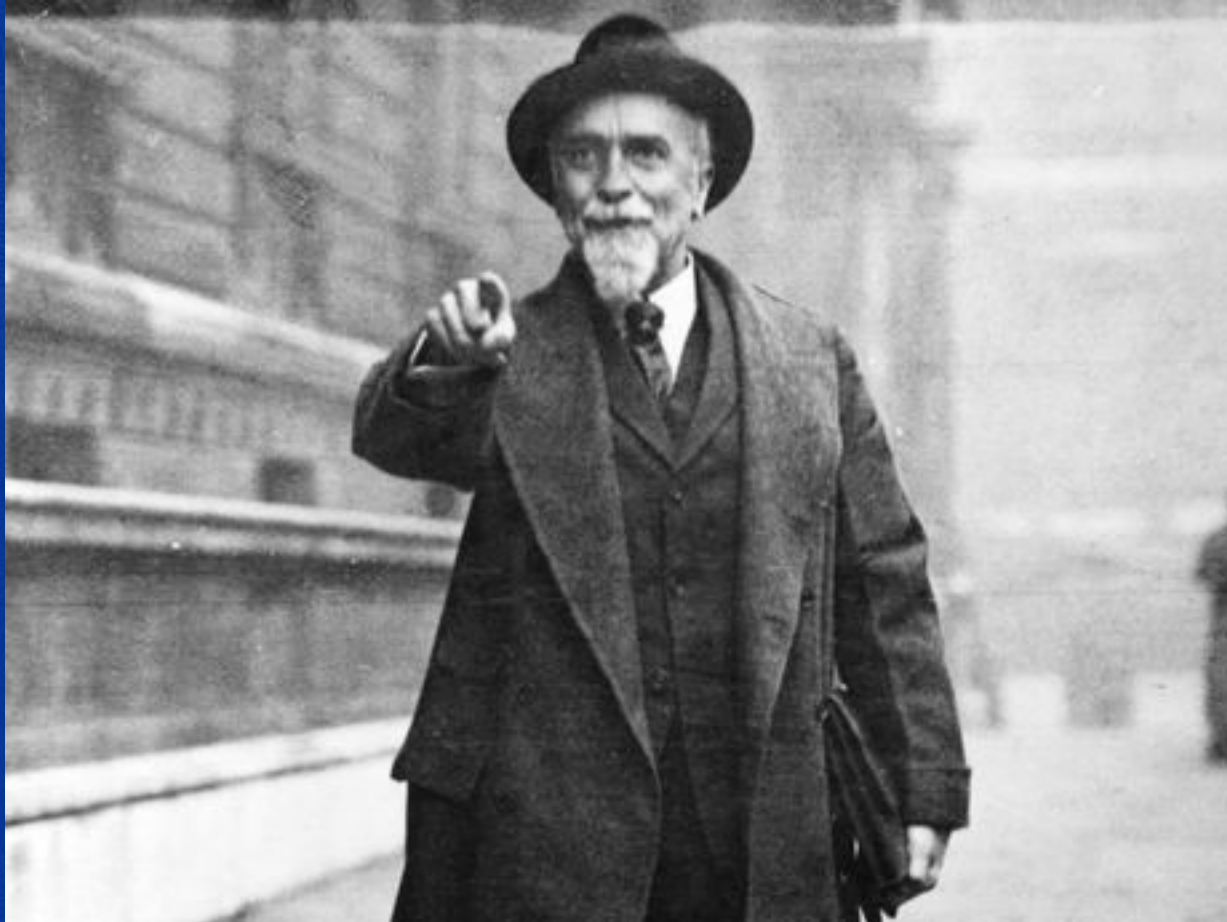
“I guess I should warn you, if I turn out to be particularly clear, you've probably misunderstood what I've said.”

Notes for panel contribution

**Editors & Designers Conference
5-7 October 2011
Federal Reserve Bank of Chicago**

D. Clarke

“Never explain, never apologise.”



Montagu Norman, the Governor of the Bank of England from 1921 to 1944

Source: Time Magazine, July 21 1941; <http://www.time.com/time/magazine/article/0,9171,765841,00.html>

The good old days?

“Many central bankers of Norman's time (and, indeed, well into the postwar period) believed that a certain mystique attached to their activities and that allowing the public a glimpse of the inner workings would only usurp the prerogatives of insiders and reduce, if not grievously damage, the effectiveness of policy.”

Chairman Ben S. Bernanke, at the Cato Institute 25th Annual Monetary Conference, Washington, D.C. November 14, 2007

Who said...?

“Good communications are a prerequisite if central banks are to maintain the democratic legitimacy and independence that are essential to sound monetary policymaking.”

“Central bank transparency increases the effectiveness of monetary policy and enhances economic and financial performance.”

Chairman Ben S. Bernanke, at the Cato Institute 25th Annual Monetary Conference, Washington, D.C. November 14, 2007

And this...?

“The degree of transparency practiced by the world's central banks varies considerably. For example, the European Central Bank has one of the most transparent policies, characterized by the ECB president's press conference held after each policy meeting.

While much less transparent than the ECB's practice, the FOMC's decision to release quarterly economic projections is nonetheless a key innovation in helping the private sector form judgments about the FOMC's future actions.”

But...

Kevin L. Kliesen, Business Economist for the Supervisory Policy and Risk Analysis Unit, Federal Reserve Bank of St Louis; *CentralBanker*, **Spring 2008** at http://www.stlouisfed.org/publications/pub_assets/pdf/cb/2008/cb_sp_08.pdf



...the times they are a changin'

Press Release

Release Date: March 24, 2011

For immediate release

Chairman Ben S. Bernanke will hold press briefings four times per year to present the Federal Open Market Committee's current economic projections and to provide additional context for the FOMC's policy decisions.

The introduction of regular press briefings is intended to further enhance the clarity and timeliness of the Federal Reserve's monetary policy communication. The Federal Reserve will continue to review its communications practices in the interest of ensuring accountability and increasing public understanding.

[2011 Monetary Policy Releases](#)

Last update: March 24, 2011

Transparency, a definition

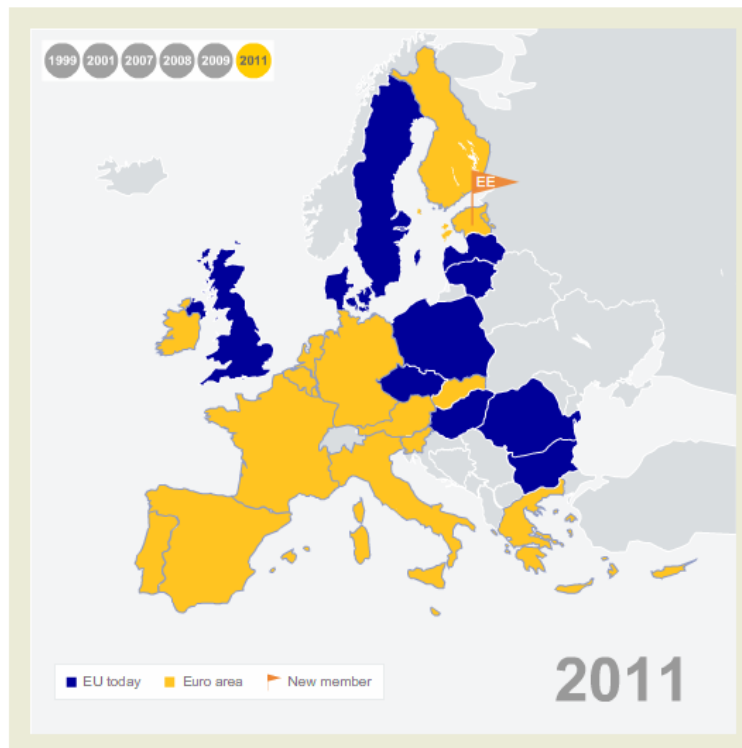
“Transparency can be defined as an environment in which the central bank provides in an open, clear and timely manner all relevant information on its mandate, strategy, assessments and policy decisions as well as its procedures to the general public and the markets.

Transparency is ultimately about the genuine understanding by the public of the entire process of monetary policymaking...Greater transparency not only helps the central bank to carry out its mandate more effectively, but also enables it to be more easily held accountable for its actions.”

Source: ECB Monthly Bulletin, November 2002

Note the numbers: 27 and 17

Map of euro area 1999 – 2011



17 Member States of the European Union use the euro as their currency

Belgium
Germany
Estonia

Ireland
Greece
Spain

France
Italy
Cyprus

Luxembourg
Malta
The Netherlands

Austria
Portugal
Slovenia

Slovakia
Finland

<http://www.ecb.int/euro/intro/html/map.en.html>

[alternative map]



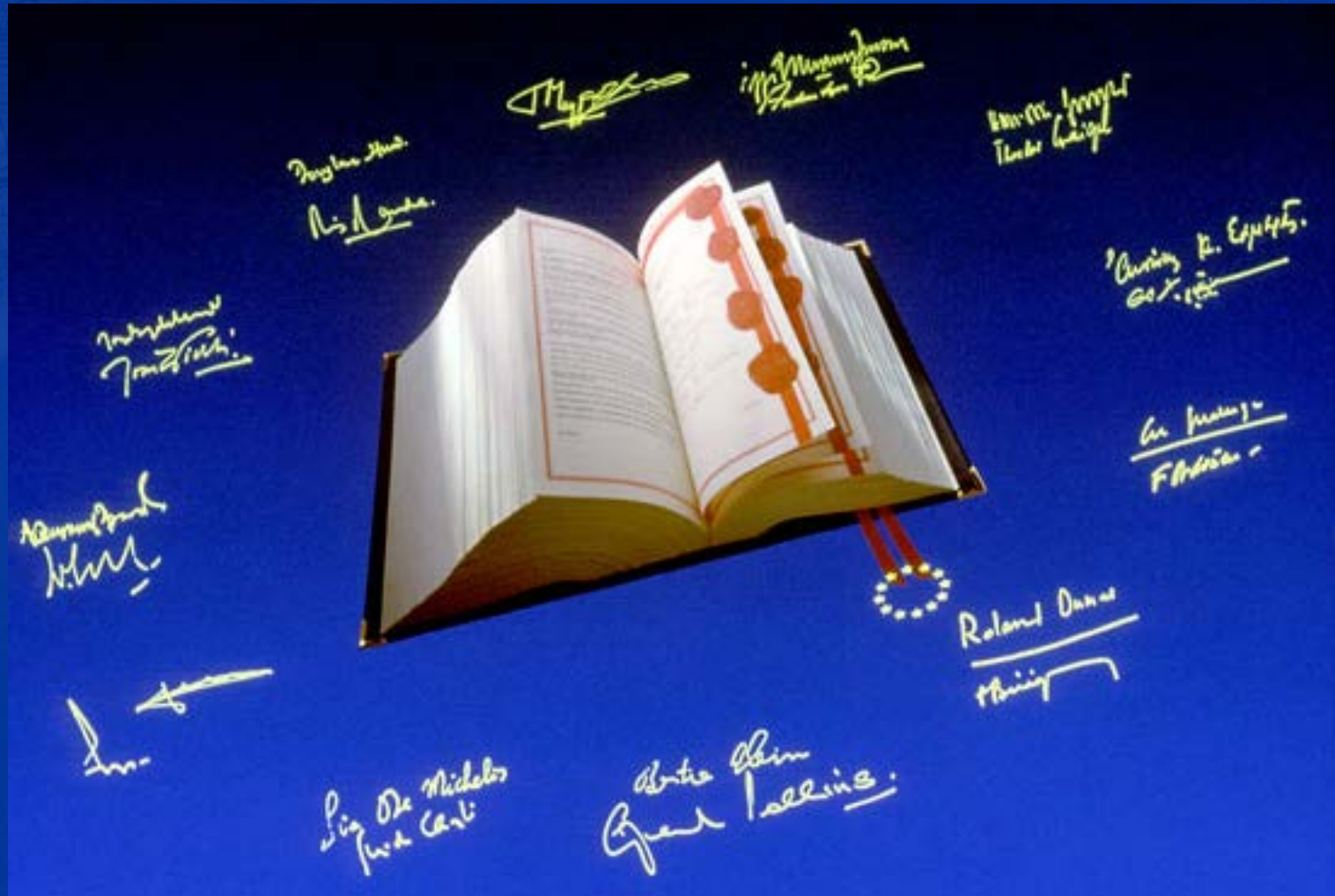
The euro area's decision makers



The European Central Bank



Maastricht Treaty



Price stability defined

In October 1998 the Governing Council of the ECB announced a quantitative definition of price stability:

"a year-on-year increase in the Harmonised Index of Consumer Prices (HICP) for the euro area of below 2%...over the medium term".

The Governing Council aims to maintain inflation rates at levels below, but close to, 2% over the medium term.

Monthly press conference with intro statement

Webcast of the press conference 4 August 2011

Press conference following the meeting of the Governing Council of the European Central Bank on 4 August 2011 at its premises in Frankfurt am Main, Germany, starting at 2:30 p.m. CET:

- Introductory statement by Jean-Claude Trichet, President of the ECB.
- Question and answer session. Registered journalists pose questions to Jean-Claude Trichet and to Vítor Constâncio, Vice-President of the ECB.

Video stream (Flash video)



Text analysis, courtesy of Reuters

28Feb11 RTRS-FACTBOX-

Code words used by the ECB to signal rate hikes

Below is a list of key phrases the bank has used in the past ahead of rate rises and a timeline of their use.

RATES ARE APPROPRIATE

The current code wording of choice and a formula the ECB has been using since slashing rates to their record low of 1 percent almost two years ago. Any deviation from the phrase in the coming months would be viewed as a clear signal that a rate hike was on the way.

STRONG VIGILANCE

Traditionally the ECB's code words of choice. The bank used the phrase prolifically during the 2005-2007 rate hike cycle, typically one month before it raised rates. However, it surprised markets in September 2007 when it left rates on hold despite using "strong vigilance" the previous month.

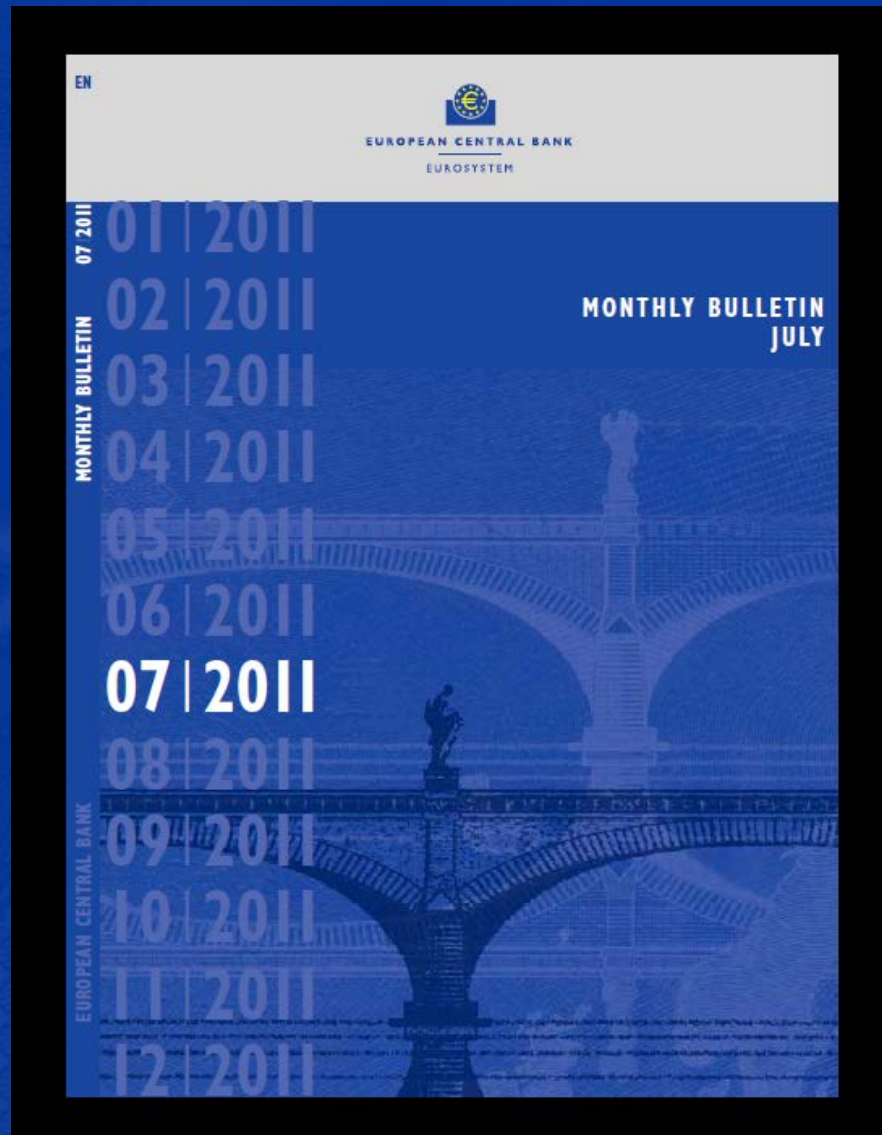
HEIGHTENED ALERTNESS

Grammatically clumsy but used by the ECB instead of "strong vigilance" a month before it raised rates in July 2008. The hike came despite strong warnings from economists and forward-looking data that the economy was about to see a sharp slowdown.

MONITOR VERY CLOSELY

The phrase "monitoring closely" was once seen as a sign that the bank was 2 months off of raising interest rates while "very closely" meant it was on the cards for next month. The term and use of "very" has lost its significance in recent years and is now an ever-present in the ECB's monthly statement.

Flagship publication: Monthly Bulletin



Key message in Monthly Bulletin editorial

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 7 July 2011 to increase the key ECB interest rates by 25 basis points, after raising rates by 25 basis points in April 2011 from historically low levels. The further adjustment of the current accommodative monetary policy stance is warranted in the light of upside risks to price stability. The underlying pace of monetary expansion is continuing to gradually recover, while monetary liquidity remains ample with the potential to accommodate price pressures in the euro area. All in all, it is essential that

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Language policy: English

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- Statistical Data Warehouse

Key figures at a glance

Marginal lending facility	2.25 %
Main refinancing operations (fixed rate)	1.50 %
Deposit facility	0.75 %

Effective from 13 July 2011

- Past key ECB interest rates
- Open market operations
- Euro foreign exchange reference rates

Monthly Bulletin



The Monthly Bulletin provides a detailed overview of recent economic and monetary developments in the euro area in the form of text and statistics. Its editorial - the key statement - reflects the → Governing Council's monthly assessment of the economy and inflationary threats. The Bulletin is published one week after the Council's → monetary policy decision.

Next release: Thursday, 11 August 2011

- Editorials, available in 22 languages
- All Monthly Bulletins since 1999 and release calendar

Recently published



LATEST MONTHLY BULLETIN →



HISTORY, ROLE AND FUNCTIONS →

- Publications by date
- Press releases by date
- Press conferences or Speeches by speaker

07/08/2011 - Press release: Statement by the President of the ECB, [en](#)

05/08/2011 - Other decisions: Decisions taken by the Governing Council of the ECB (in addition to decisions setting interest rates), [bg](#) · [cs](#) · [da](#) · [de](#) · [el](#) · [en](#) · [es](#) · [et](#) · [fi](#) · [fr](#) · [hu](#) · [it](#) · [lv](#) · [mt](#) · [nl](#) · [pl](#) · [pt](#) · [ro](#) · [sk](#) · [sl](#) · [sv](#)

Future events

- Weekly schedule
- Schedules for the meetings of the Governing Council

Eurosystem

- ECB, ESCB and the Eurosystem

Languages available

Language Lingua
język
Lingua
Lingua

European Systemic Risk Board



€2 commemorative coins



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Economic and monetary developments

Monthly Bulletin



Each Monthly Bulletin provides a detailed analysis of all relevant economic conditions and developments, on which the Governing Council of the ECB bases its assessment and monetary policy decisions.

The Monthly Bulletin starts with the → [Editorial \(available in 22 languages\)](#) that summarises the Governing Council's assessment of the current economic situation and the risks to price stability. This is followed by the part Economic and Monetary Developments, which includes:

- The external environment of the euro area
- Monetary and financial developments
- Prices and costs
- Output, demand and the labour market
- Fiscal developments (*only in the March, June, September and December issues*)
- Eurosystem staff macroeconomic projections (*only in the June and December issues*)
- ECB staff macroeconomic projections (*only in the March and September issues*)
- Articles (except in the March, June, September and December issues)

Eurosystem / ECB staff macroeconomic projections

Four times a year the ECB publishes in its Monthly Bulletin macroeconomic projections for the euro area. Eurosystem staff projections, which are produced jointly by experts from both the ECB and the euro area national central banks, are published in the June and December issues of the Monthly Bulletin. ECB staff projections are published in the March and September issues.

Projections add to transparency

ECB STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA

On the basis of the information available up to 20 August 2004, ECB staff have prepared projections for macroeconomic developments in the euro area.¹

The ECB staff projections are based on a series of assumptions about interest rates, exchange rates, oil prices, world trade outside the euro area and fiscal policies. In particular, the technical

Fed and ECB parallels

CENTRAL BANKER | SPRING 2008

Recent Changes to the Fed's Communication Strategy: Loud and Clear?

By Kevin L. Kliesen

The Federal Open Market Committee (FOMC) made several changes in late 2007 to improve the clarity of its actions. The committee is seeking greater transparency in what it does, both to improve its accountability and to help the public better understand monetary policymaking.¹

These changes included: increasing the frequency of the economic projections of the FOMC participants (governors and Reserve bank presidents) to four times per year from two; extending the maximum economic projection horizon to three years from two years; and quantifying, to the extent possible, the degree of uncertainty policymakers attach to their economic projections.

Minutes: Fed yes, ECB no

Minutes of the Federal Open Market Committee June 21–22, 2011

A joint meeting of the Federal Open Market Committee and the Board of Governors of the Federal Reserve System was held in the offices of the Board of Governors in Washington, D.C., on Tuesday, June 21, 2011, at 10:30 a.m. and continued on Wednesday, June 22, 2011, at 9:00 a.m.

PRESENT:

Ben Bernanke, Chairman
William C. Dudley, Vice Chairman
Elizabeth Duke
Charles L. Evans
Richard W. Fisher
Narayana Kocherlakota
Charles I. Plosser
Sarah Bloom Raskin
Daniel K. Tarullo
Janet L. Yellen

Nellie Liang, Director, Office of Financial Stability
Policy and Research, Board of Governors

Robert deV. Frierson, Deputy Secretary, Office of
the Secretary, Board of Governors

William Nelson, Deputy Director, Division of
Monetary Affairs, Board of Governors

Linda Robertson, Assistant to the Board, Office of
Board Members, Board of Governors

Charles S. Struckmeyer, Deputy Staff Director,
Office of the Staff Director, Board of Govern-
ors

Seth B. Carpenter, Senior Associate Director, Divi-
sion of Monetary Affairs, Board of Governors;
Michael Fisher, Senior Associate Director, Di-

Various communication tools promote transparency

- **Monthly Bulletin**
- **Monthly press conferences**
- **Annual Report**
- **Speeches & interviews**
- **President reports to the European Parliament's Committee on Economic and Monetary Affairs (quarterly)**
- **Visitor groups**
- **Academic conferences**
- **ECB website**

Speeches & interviews (86, 11)

Speeches published in 2011

- 27/07/2011** Jean-Claude Trichet: Interview with Le Point, → [en](#)
Jean-Claude Trichet, President of the ECB, English translation of the full interview given to Patrick Bonazza, Le Point, on 22 July 2011, published 27 July 2011
-
- 22/07/2011** Jean-Claude Trichet: Interview with Süddeutsche Zeitung, → [en](#)
Interview with Jean-Claude Trichet, President of the ECB, conducted by Helga Einecke and Hans-Jürgen Jakobs, Süddeutsche Zeitung, published on 23 July 2011
-
- 22/07/2011** Jean-Claude Trichet: Statement on the decisions taken by the Euro Area Heads of State or Government at a press briefing on 21 July 2011 in Brussels, → [en](#)
Statement by Jean-Claude Trichet, President of the European Central Bank, Brussels, 21 July 2011
-
- 19/07/2011** Jean-Claude Trichet: Interview with Postimees, Hospodárske noviny and Delo, → [en](#)
Interview with Jean-Claude Trichet, President of the ECB, conducted on 13 July 2011 by Laura Raus (Postimees, Estonia), Ján Kováč (Hospodárske noviny, Slovakia) and Miha Jenko (Delo, Slovenia), published on 19 July 2011
-
- 18/07/2011** Jean-Claude Trichet: Interview with Financial Times Deutschland, → [en](#)
Jean-Claude Trichet, President of the ECB, Interview conducted by Wolfgang Proissl on 14 July 2011, Publication - newspaper edition: Monday, 18 July 2011
-
- 11/07/2011** Lorenzo Bini Smaghi: Where is the economy heading? The challenges ahead (presentation slides), → [en](#)
Presentation by Lorenzo Bini Smaghi, Member of the Executive Board of the ECB, The Ruling Companies Association Milan, 11 July 2011
-
- 08/07/2011** Lorenzo Bini Smaghi: European democracies and decision-making in times of crisis, → [en](#)
Speech by Lorenzo Bini Smaghi, Member of the Executive Board of the ECB, Hellenic Foundation for European and Foreign Policy, 8th European Seminar 2011, Adjusting to the Crisis: Policy Choices and Politics in Europe, Poros, 8 July 2011

Accidents happen

Tue Jul 26, 2011 9:08am EDT

* ECB in state of 'grande vigilance', Noyer tells FTD

By Paul Carrel

FRANKFURT, July 26 (Reuters) - The European Central Bank is exercising 'grande vigilance' on inflation, Bank of France chief Christian Noyer said, which the BoF insisted meant 'strong alertness' and not 'strong vigilance' - a phrase signalling an imminent rate hike.


Noyer told the Financial Times Deutschland that rising raw materials costs and tax increases in some euro zone countries meant there was a risk of price rises despite softer growth in the second quarter.


"The ECB Council remains in a position of very strong vigilance, without us deciding in advance what we will do," he added in the interview published in the newspaper's Tuesday edition.

But a Bank of France spokeswoman said that Noyer's comment -- 'grande vigilance' in French -- should have been translated as 'strong alertness' in English and that this is what he would have said had he been speaking English.

The phrase 'strong vigilance' has regularly been deployed to signal a rate rise at the ECB's next policy meeting, including before the two hikes it has made this year -- in April and July.

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<http://www.ecb.europa.eu>

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ecb_europa_eu Eur. Central Bank
Statement by the President of the ECB [bit.ly/n2v0D1](#)
7 Aug



ecb_europa_eu Eur. Central Bank
Decisions taken by the Governing Council of the ECB (in addition to setting interest rates) [tinyurl.com/3e2j9h](#)
5 Aug



ecb_europa_eu Eur. Central Bank
Details of refinancing operations with settlement in the period from 12/10/2011 to 17/01/2012 [tinyurl.com/3z4pfb9](#)
4 Aug



ecb_europa_eu Eur. Central Bank
Introductory statement Jean-Claude Trichet to the press conference [tinyurl.com/3evjkq4](#)
4 Aug


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 - mustard,
 - orange.

Instructions:

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- as with the title, the font should always be Gill Sans MT, with a font size between 18 and 36