

One of the main objectives of monetary policy maintained by the bank central is achieving low and stable inflation. Traditionally, this goal is achieved by controlling short-term interest rates.

An effective monetary policy, besides controlling current short-term rates, requires also an impact on forward interest rates. This is due to the fact that investment activity is dependent from long-term interest rates (at least one year maturity).

The instrument that allows the central bank to influence expectations is broadly defined monetary policy communication. In the project we will focus on regular communication in the form of documents describing the course of the discussion at the decision-making session (so-called *minutes*) and press releases published on the day of the decision on interest rates. The purpose of the study is to evaluate the impact of the textual content of these communiqués on the financial market analysts' expectations regarding interest rates collected every month by Thomson Reuters.

The study will be conducted for the Czech Republic, Poland and Hungary, i.e. the non-Euro countries, with at least 15 years history of stable inflation and high degree of monetary policy transparency (i.e. regularly publishing the above mentioned communiqués regarding the interest rates decisions). Content of the communiqués will be analysed using textual analysis methods. We will calculate following indicators of the communiqués' content: sentiment index (positive – describing the improvement of the economic situation and growth inflation, or negative – describing the economic downturn and inflation decline) and uncertainty index (frequency of words expressing uncertainty). In the final part of the study we will examine the impact of the above listed indicators on interest rates expectations submitted by financial market analysts and the dispersion of the expectations within a given forecasting round.