FULCRUM

Tracking Central Bank Narratives with LLMs*

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This Version: July 28, 2026

1. Introduction

Large economic shocks are usually observable as they occur, even when their long-run implications are not. Whether the shock is a global trade war, the closure of the Strait of Hormuz, or the emergence of Artificial Intelligence, financial market participants must assess how economic actors interpret the shock, how their responses evolve over time, and how expectations adjust as its longer run consequences are better understood.

For financial markets, the central banks' interpretation of each shock, as communicated through a range of public statements (Blinder et al., 2008; Woodford, 2005), is of particular importance as it shapes expectations about the future path of interest rates. Moreover, central bank communications convey not only policy intentions but also information about their assessment of the economy (Jarociński and Karadi, 2020). Yet that assessment is difficult to observe in real time. As the shock unfolds, it is revealed only gradually through hundreds of speeches, interviews, and testimonies, alongside infrequent formal projections, rather than in a single comprehensive document.

The difficulty is not only inferring how central banks interpret economic shocks, but also in understanding the narratives through which those interpretations are communicated. Robert Shiller's concept of narrative economics provides a useful framework for thinking about this process. In *Narrative Economics* (Shiller, 2019), he argues that economic narratives spread epidemically through society and influence the decisions of households, firms, investors, and policymakers. Some ideas catch on and pass from person to person. Ideas may also reach a peak of popularity before slowly fading away. Narratives are stories people come to believe about how the world around them works, sometimes true and sometimes not. Either way, financial markets should therefore care not only about the underlying economic shock but also about the narrative that emerges around it. Understanding how central banks construct and adapt these narratives is consequently essential for understanding how markets interpret evolving economic conditions.

Recent advances in AI, particularly in natural language processing, have made it possible to systematically analyse vast quantities of text as economic data (Gentzkow et al., 2019). These tools are well suited to identifying economic narratives and tracking how they emerge, evolve, and fade over time. In Biosca et al. (2026), we introduced an approach for applying these methods to central bank communication. This note extends our framework to identify the key economic narratives running through central bank communications in real time. This enables us to determine which developments are most impor-

*We thank colleagues at Fulcrum for helpful comments and discussions. All remaining errors are our own.

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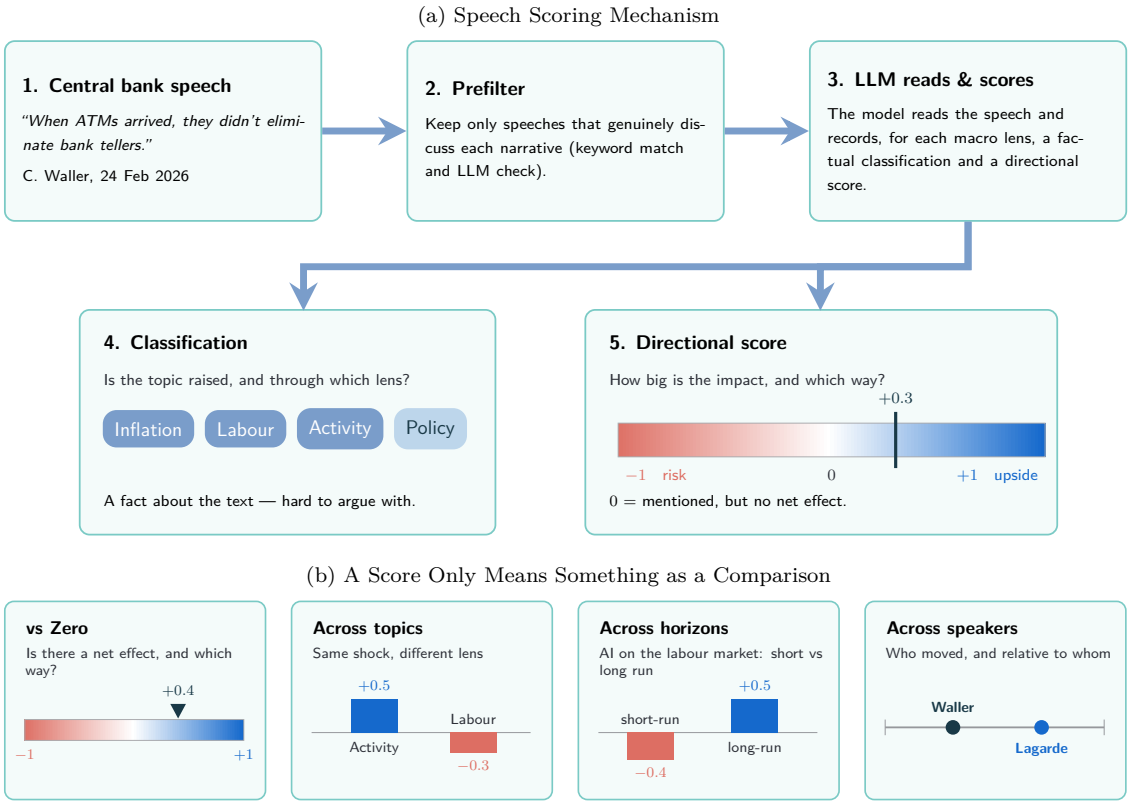
Figure 1: Our Method for Analysing Central Banking Narratives



Sources and Notes: Fulcrum Asset Management LLP. Panel (a) shows a descriptive schematic for the process flow of interpreting narratives around central bank communication. Panel (b) shows a descriptive schematic for comparing scores. The same −1 to +1 reading gains meaning only against a second score. Either relative to zero, across topics, across horizons, or across speakers. Examples are provided in Appendix A, along with the original text, its classification and directional score.

tant in shaping policymakers' thinking, how they expect each shock to evolve, and how they are likely to respond if those shocks intensify. It also reveals the evidence and reasoning policymakers draw upon to support those judgements.

2. Methodology

Our methodology has five steps, summarised in Figure 1, panel (a). The first is the corpus. For each of the G10 central banks we collect every public intervention by officials who participate in monetary policy meetings. This includes speeches, press conferences, interviews, minutes and official statements. We hold them in a single, continuously updated archive.[1] For brevity we refer to all of these documents as "speeches". Our raw data coverage extends back to the 1960s but, as our interest here is in current narratives, we restrict the sample to January 2022 onwards. This shortened sample still leaves several thousand documents.

Reading this volume of text by hand is infeasible so we use LLMs to help us interpret them. The second step is a prefilter. Our present focus is on three narratives: (1) AI, (2) tariffs, and the (3) oil supply shock arising from the US/Iran conflict which closed the Strait of Hormuz.[2] A keyword match identifies candidate speeches, and a LLM check confirms that

[1] For the FOMC this includes both current voting and non-voting participants.
[2] Our latest views on the latter are summarised in Davies and Wales (2026).

the topic is substantively addressed rather than mentioned in passing. This removes speeches on market infrastructure, commencement addresses and other material unrelated to our current focus. In subsequent work we intend to automate the selection of narratives themselves.

Third, another language model reads each remaining speech and records what it finds along two dimensions. The first, classification, is close to a matter of fact. This assesses through which macroeconomic lens the shock is framed (inflation, the labour market, economic activity, or the setting of interest rates) as well as whether the discussion is current or forward-looking. These classifications are hard to dispute. The second classification is a directional score and involves more judgement from the LLM. The LLM is asked to generate each topic specific intervention on a scale from -1 to $+1$ according to how negative or positive the speaker is about the shock's effect through each channel.

Resulting scores of $+0.4$ or -0.3 say little in isolation. As these scores are not externally calibrated they do not translate into basis points or GDP growth and a single score therefore carries no meaning on its own. What gives it meaning is a second score placed beside it. We demonstrate this in Figure 1, panel (b). The most basic comparison is against zero, which marks the point policymakers discuss the shock but believe it has no clear net effect. Whether a given speaker sits above or below that neutral line is therefore informative. From there the comparisons multiply. The same shock can be read through different lenses at once, lifting activity while weighing on jobs. It may also look different across time, inflationary in the near term but disinflationary over a longer horizon. Finally, the score from one speaker may be set against others reflecting differing views between policymakers relative to their colleagues or their own previous comments. Some examples showing the assignment of directional scores are provided in Appendix A, along with the original text and its classification.

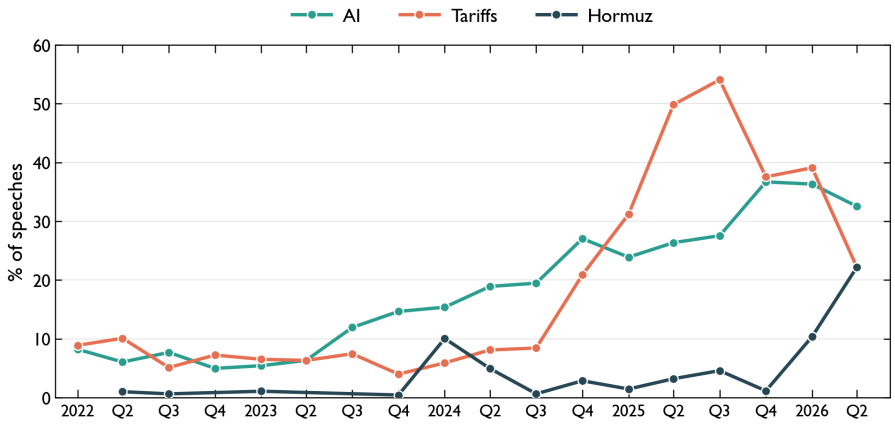
The time dimension is particularly important. This asks the LLM to determine whether the context of the comments are current or forward looking. For instance, a statement that "policy is restrictive" is a claim about the current level of interest rates relative to a neutral setting. This says little about the likely direction of future moves as speakers can call policy restrictive and still argue for further tightening, just as they can call the current stance restrictive as a prelude to cutting.

The result is a systematic reading of how central banks are interpreting current shocks. Narratives can be identified and tracked as they rise and fade and the overall tone of communication can be decomposed into the shocks driving it. The decomposition matters because these forces need not align. Two shocks can pull policy in opposite directions at the same time, and individual policymakers can read the same shock differently.

3. Data and Descriptive Evidence

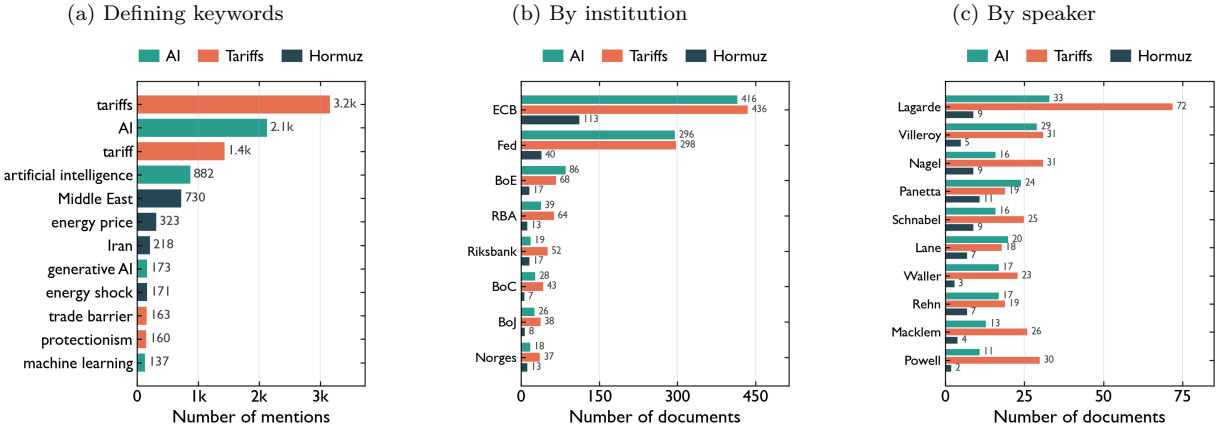
Before turning to how central banks interpret each of these shocks, it is worth establishing how important each has become and how that prominence has evolved. Figure 2 plots the share of speeches referring to each narrative in every quarter. Each shock has followed a markedly different trajectory. Tariffs rose abruptly during the 2024 election campaign and around the escalation of the trade war in early 2025. Tariffs came to dominate the conversation through the latter part of that year, and have since begun to recede. Artificial intelligence has followed a slower, secular path climbing steadily over the past two years to become, by early 2026, the single most discussed of the three topics. The energy supply shock and closure of the Strait of Hormuz shows the sharpest profile, jumping from near silence to roughly a quarter of all speeches within months, echoing a (far smaller) spike in early 2024 that coincided with earlier hostilities in the region. These are the epidemic like life-cycles that motivate our approach. We believe a rough floor of around

Figure 2: Topic Prevalence in G10 Central Bank Communication



Sources and Notes: Fulcrum Asset Management LLP. Share of speeches mentioning each narrative, by quarter.

Figure 3: Who Discusses Each Narrative, and in What Terms



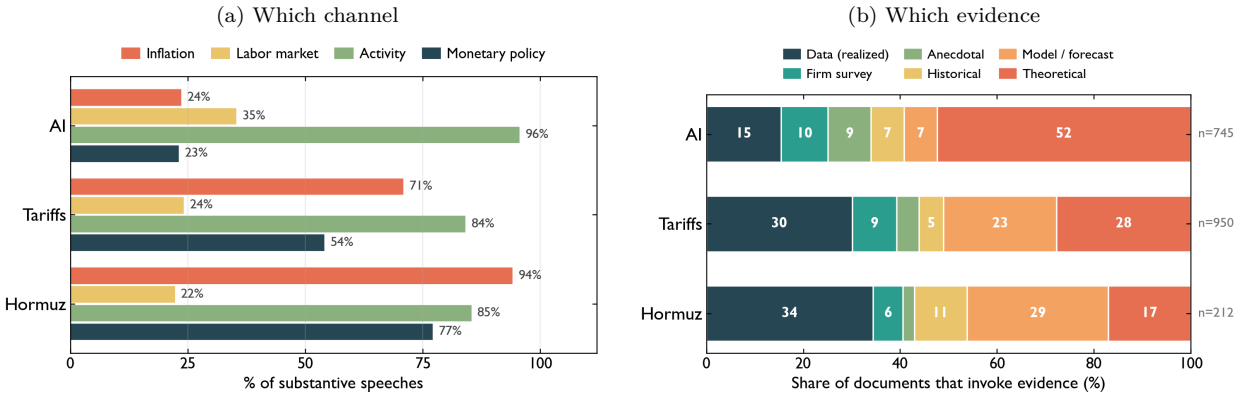
Sources and Notes: Fulcrum Asset Management LLP.

one speech in ten appears to separate incidental mentions from a topic that has genuinely entered the policy conversation.

What counts as a mention of each narrative is determined by the language policymakers actually use. This is summarised in Figure 3, panel (a). The artificial intelligence narrative runs from general terms through more specific references to generative models and machine learning, the tariff cluster centres on tariffs and trade barriers alongside the vocabulary of protectionism and trade war, and the Hormuz cluster is dominated by the Middle East, energy prices and Iran, together with more direct references to the Strait itself and to oil. These keywords form the first, coarse filter on the corpus, before the language model confirms that a speech engages with the topic substantively rather than in passing.

The remaining panels of Figure 3 show who drives each conversation. Two institutions account for the majority of our data. The European Central Bank and the Federal Reserve are by some margin the most prolific commentators across all three

Figure 4: Transmission Channels and Evidential Basis, by Narrative



Sources and Notes: Fulcrum Asset Management LLP.

narratives, with the Bank of England, the Reserve Bank of Australia and the smaller G10 central banks contributing more modestly. The Bank of Japan are generally less frequent with their external communication and constrained by a smaller sample size. Given that the ECB and Federal Reserve have larger policymaking committees than other central banks, this ordering is intuitive. At the individual level a familiar set of senior officials recurs, with Christine Lagarde the most frequent voice on both artificial intelligence and tariffs, alongside prominant figures such as Villeroy de Galhau, Joachim Nagel and Isabel Schnabel, and with Jerome Powell and Christopher Waller the most frequent voices from the Federal Reserve. Reassuringly, once the samples are pooled the differences between central banks are modest, so the patterns that follow are not the artefact of any single institution or policymaker.

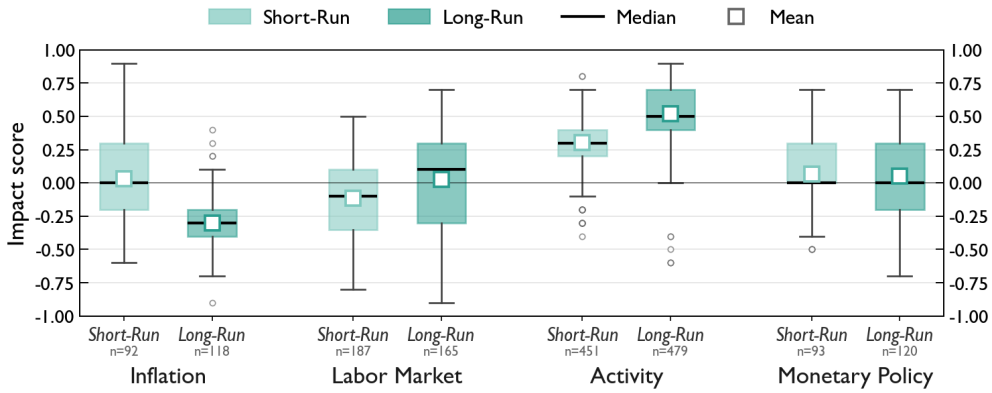
Finally, Figure 4 describes how each shock is discussed and what evidence policymakers rely on when they discuss it. Panel (a) reports the channel through which each narrative is framed, and the contrast is sharp. Artificial intelligence is discussed overwhelmingly through its effect on economic activity, whereas tariffs and, still more so, the Hormuz shock are viewed through the lens of inflation. Panel (b) turns to the supporting evidence. Here artificial intelligence again stands out, as discussions rely more upon theoretical arguments and analogies than on realised data. Indeed, barely one statement in seven is grounded on hard data, against roughly half of the statements which reason from mechanisms alone. The topics of tariffs and the closure of the Strait of Hormuz draw on a more even mix with a substantially larger share of realised data. This is intuitive for a shock whose effects remain largely prospective, and it foreshadows the muted policy response documented below.

4. Artificial Intelligence

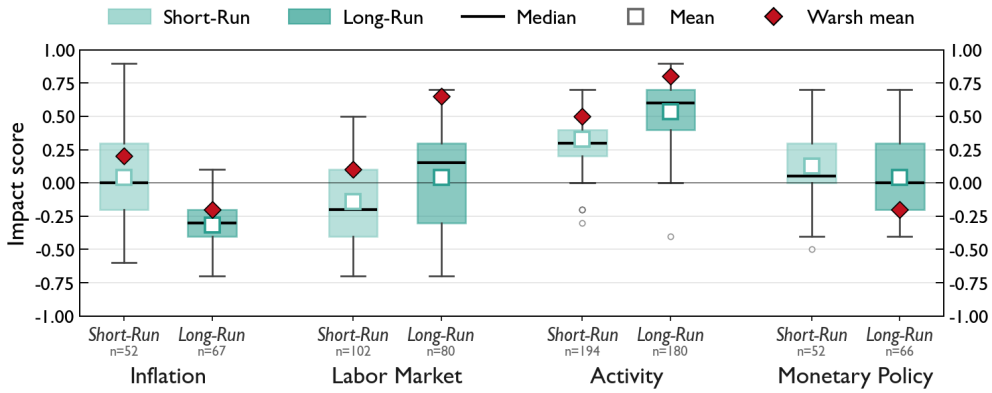
Artificial intelligence is now the most discussed of the three narratives, yet Figure 5, panel (a), shows that it barely registers in how central banks discuss policy itself. The distribution of monetary policy scores is centred close to zero at both the short and the long-term horizon. The height of the bars reflects genuine disagreement rather than a settled view. Policymakers are willing to talk about artificial intelligence at length, but they are not yet agreed on how to connect it to the setting of interest rates. That reticence is understandable for a shock whose ultimate scale and timing remain uncertain and whose effects are expected to accrue over years rather than quarters.

Figure 5: Monetary Policymakers Perceived Impact of AI

(a) Across All Central Banks



(b) Restricted to the FOMC and Kevin Warsh



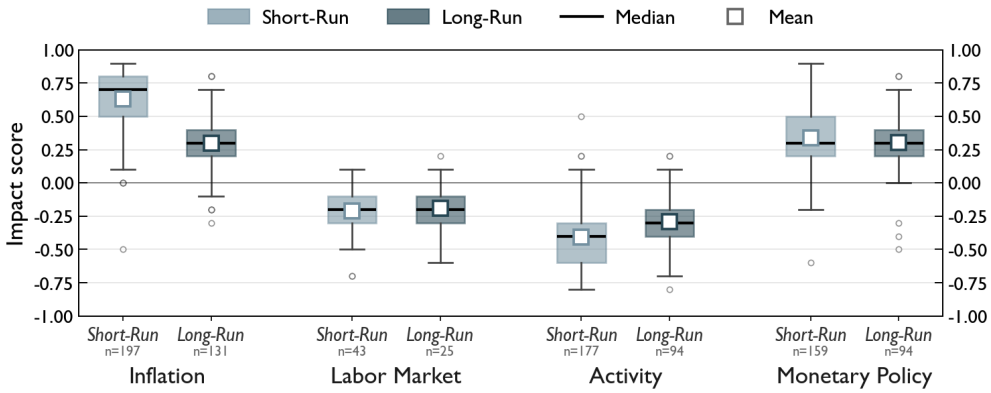
Sources and Notes: Fulcrum Asset Management LLP.

Their reading of the economic consequences is considerably clearer. Taken together, the scores describe a classic positive supply shock working through productivity. Central banks see artificial intelligence as raising economic activity, with the effect stronger at the longer horizon, while its impact on the labour market is judged small and, in the near term, mildly negative. The counterpart to higher productivity is lower price pressure, and the one dimension on which policymakers are willing to commit is a modest disinflationary effect over the longer run. This finding was among the more striking to emerge, as it runs counter to the intuition that an investment led boom should be inflationary. Yet if the dominant force is an expansion in productive capacity rather than demand, a disinflationary effect is precisely what economic theory would predict.

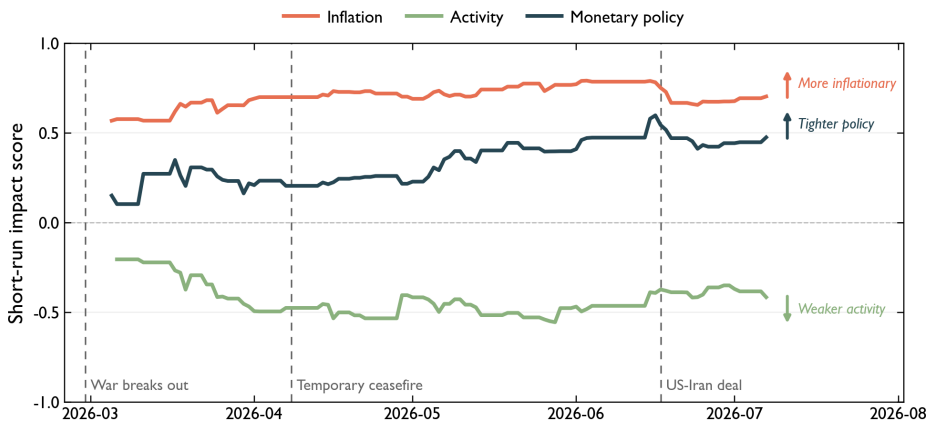
The reluctance to draw policy conclusions may partly be explained by the available evidence policymakers have. Their views on artificial intelligence rest far more on theory, analogy and anecdote than on realised data. Armed with little hard information to anchor them, they are naturally cautious about committing to a rate path. This caution matters for markets. A common chain of reasoning among investors holds that artificial intelligence will raise productivity, lift the neutral rate of interest, and so push bond yields higher and steepen the curve. Cen-

Figure 6: Monetary Policymakers Perceived Impact of the Hormuz Shock

(a) Across All Central Banks



(b) Across Time



Sources and Notes: Fulcrum Asset Management LLP. Panel (b) shows a trailing exponentially weighted average of document level short run impact scores. The half life is set to 7 days. As the labour market series has fewer data points it is too sparse to draw. Dashed lines mark the outbreak of the war (28 February), the two week ceasefire agreed on 8 April, and the signing of the US/Iran memorandum on 17 June.

tral banks do not appear to share that confidence. The disinflationary leg of their reading pulls in the opposite direction, and even if the neutral rate were to rise, the link from the neutral rate to the actual policy rate is neither mechanical nor immediate. The market's clear conclusion is, on this evidence, a good deal less certain than current pricing implies.

As every speaker is scored on the same scale, the framework also lets us locate individuals within their committee. Figure 5, panel (b), places the new Federal Reserve chair, Kevin Warsh, against the rest of his FOMC colleagues. His comments on artificial intelligence sit clearly above the vast majority made by other members of the FOMC on the activity dimension, consistent with his stated conviction that the technology is a powerful, and largely benign, productivity story. His comments also display a greater conviction than other committee members for the impact of this in lowering longer term interest rates. The reading is intuitive, and it illustrates the kind of question the LLM approach can answer in seconds rather than hours. It should, however, be treated with caution as Warsh's current

record remains comparatively short. Although it has grown since his appointment and now includes his first press conferences as Chair and his remarks at the ECB's Sintra forum, his estimate may still shift as his communications accumulate.

5. The Strait of Hormuz

The oil supply shock associated with the closure of the Strait of Hormuz presents a very different picture. Figure 6, panel (a), shows a textbook negative supply shock. Policymakers score this shock with a strong positive reading on inflation in the near term, together with a clearly negative effect on economic activity and a smaller negative effect on the labour market. Unlike artificial intelligence, this is a shock central banks see hitting the economy now, through higher energy prices, rather than one whose consequences arise mostly in the future.

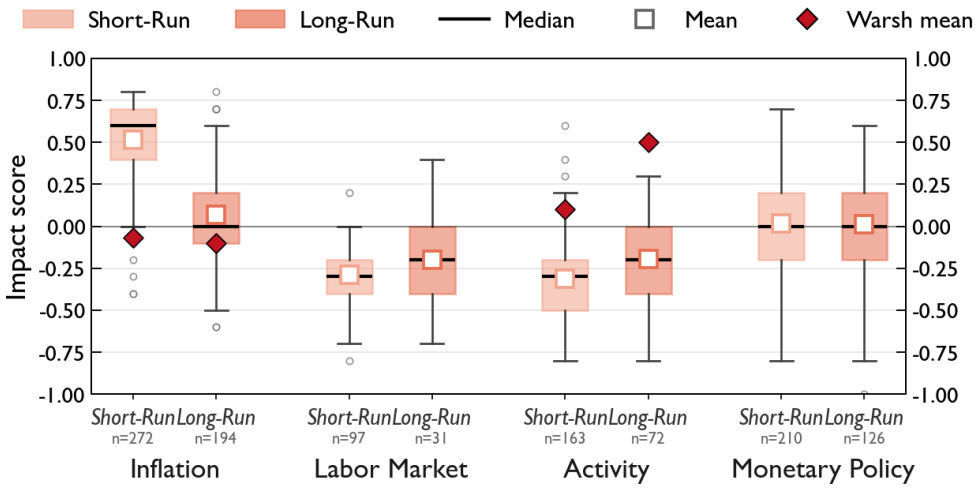
In principle a negative supply shock leaves the policy response ambiguous, as it pushes inflation up while pulling output down, and the appropriate reaction depends on the weight placed on each. This is particularly true for central banks with a dual mandate. But in practice the data leave little doubt as the implied monetary policy reading is unambiguously hawkish. On balance, policymakers are more concerned by the inflationary consequences than by the hit to growth, and are minded to lean against this shock. This is not the view of one institution alone. When the sample is split, the same tilt is evident at the Federal Reserve, the European Central Bank and across the other G10 central banks.

As central banking communication around this shock has been frequent, we are also able to analyse how this has changed over time. Figure 6, panel (b), plots the smoothed evolution of the daily median document level scores using an exponentially weighted moving average with a 7 day half-life. The inflation and activity readings were elevated immediately after the outbreak of war at the end of February. Although the assessment for the negative impact on activity increased over time the inflationary impact changed little until the US/Iran deal was announced in early June. In contrast, the implied policy response increased over time particularly during the month of May. Movements since the US/Iran deal was announced have generally lowered the assessed impact of the shock.

The assessment that communication around the policy response intensified during May is also supported by examining document level scores for each speaker and central bank. This pattern is evident among key policymakers, including Powell, Lagarde, and Waller, whose communications suggest that they revised upwards both their assessment of the scale of the shock and the likelihood of a policy response during this period. Although most individual speakers issued relatively few distinct communications over the sample, splitting the period into two halves confirms that this pattern is not driven by a small number of observations and that the result generalises across speakers.

The message for markets is less about what central banks ought to do with an oil shock than about what they are actually saying, which is that the inflation leg currently outweighs the growth leg in their thinking.

Figure 7: Monetary Policymakers Perceived Impact of the Tariff Shock



Sources and Notes: Fulcrum Asset Management LLP. Figure restricts sample to the FOMC rather than for all central banks.

6. Tariffs

Tariffs were one of the most heavily discussed of the three narratives over the sample though, as Figure 2 shows, the prominence has begun to fade. Communications around the impact of tariffs rests on the most balanced evidence base of the three shocks, drawing on a relatively even mix of realised data, model projections and theory, and they are read primarily as an inflationary shock in the near term with a negative bearing on activity. Tariffs are also the one narrative on which central banks differ appreciably from one another, chiefly in how inflationary they judge the shock to be, reflecting the different positions of tariff-imposing and tariff receiving economies.

Views also differed within the Fed. Figure 7 illustrates this internal division by placing Kevin Warsh against the rest of the FOMC. Warsh sits notably below the committee on his assessment of the persistence of tariff driven inflation, appearing sceptical that tariffs generate lasting price pressure even as he is among the more optimistic on artificial intelligence. Taken with Figure 5, panel (b), the pair offers a coherent portrait of him as an individual policymaker. He is constructive on the supply-side benefits of technology, and doubtful that trade barriers pose an enduring inflation problem.

7. Conclusion

Read as a whole, our exercise yields a systematic and auditable account of how central banks are interpreting the shocks they face. Rather than reducing communication to a single "hawkish" or "dovish" score, the approach decomposes the policy stance into the forces driving it, shows which channel each shock is thought to run through, and records the evidence policymakers rely on. Because every score is tied back to a specific sentence, the reading can always be interrogated and, where necessary, overridden by judgement.

The same machinery feeds directly into our forecasting work. Aggregating how FOMC participants have spoken since the June projections points to a hawkish drift in their expected rate path, with the central voter moving more toward rate hikes this year. We treat such readings as discretionary inputs rather than signals for a systematic strategy as the method has several limitations. These include the unobserved influence of prominent committee

members, such as the FOMC Chair. The ordering in which officials speak can also exaggerate apparent shifts, as a run of naturally more "dovish" or "hawkish" speakers creates an illusion of changing sentiment. For these reasons we prefer to read our output alongside other information, rather than in place of it.

The framework is deliberately agnostic about the shock to which it is applied, and once the underlying archive exists a new narrative can be scored within days of emerging. Natural extensions within central banking include balance sheet policy, supply chain disruption and the neutral rate, and we intend to validate the method retrospectively against episodes whose resolution is already known, such as the pandemic and the energy shock that followed the invasion of Ukraine. Furthermore, our approach need not stop at central banks. The same tools can be applied to corporate earnings calls, market commentary and official sector research, and, in time, on the harder problem of letting the system identify emerging narratives for itself rather than being told where to look.

Our ambition throughout is not to replace human judgement but to quantify it. We provide a systematic and timely read on what policymakers believe, through which channel they believe it, and on what evidence. Ideally our assessments arise before they are fully reflected in market pricing.

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A. Example Appendix

A.1. Directional Score: AI

Inflation

+0.9 short

Neel Kashkari (President Federal Bank of Minneapolis) - 2026-06-26
"[AI] "near term, it's clearly inflationary. It's unambiguously true,"
He sees AI as an additional source of near-term price pressure.

+0.4 long

Hajime Takata (Policy Board Member) - 2026-02-26
"underpinned by the additional contributions of accommodative monetary and fiscal policies and the global AI boom"
He links AI to some ongoing upward pressure on prices, but only tentatively.

-0.1 short

Lorie K. Logan (President Federal Bank of Dallas) - 2026-06-04
"Productivity improvements from AI could eventually reduce inflation. However, the potential size and the timing of those gains are uncertain,"
She sees only a slight near-term disinflationary effect from AI.

-0.6 long

Michelle W. Bowman (Vice Chair for Supervision) - 2026-01-16
"[Strength in] AI-related investment ... boost productivity gains and help ensure that inflation remains on a downward path."
She links AI investment to productivity gains and lower inflation over time.

Labor

+0.7 long

Christopher J. Waller (Member of the Board) - 2026-02-24
"'AI becomes a durable part of how the Federal Reserve operates'; ATMs 'didn't eliminate bank tellers' but shifted work to 'higher-value activities."'
He presents AI as improving work and reallocating tasks rather than displacing labor.

+0.2 short

John C. Williams (President Federal Bank of New York) - 2026-03-30
"[growth] reflecting tailwinds from fiscal policy, favorable financial conditions, and investment in AI"
He links AI investment to a modest near-term improvement in labor market conditions.

-0.2 short

BoJ Policy Board (BoJ Policy Board) - 2026-05-07
"[The AI boom] could cause uncertainty about the employment situation in the United States and business conditions [for some firms]."
He sees AI as adding near-term uncertainty to employment and some business conditions.

-0.7 long

Anna Paulson (President Federal Bank of Philadelphia) - 2026-01-03
"we could see a period of strong growth where relatively few jobs are created as AI becomes fully embedded"
She highlights particular risks to entry-level employment.

Activity

+0.9 long

Christine Lagarde (President) - 2025-11-24
"annual productivity growth could be "0.8" to "1.3 percentage points higher."
She sees AI lifting trend growth materially over time.

+0.4 short

Philip N. Jefferson (Vice Chair) - 2026-03-26
"increased investment in high-tech capital, particularly purchases tied to the expansion of artificial intelligence infrastructure, is promising."
He sees AI-related capital spending as supportive of near-term activity.

-0.2 short

Luis de Guindos (Vice President) - 2026-03-26
"Europe lags behind in the global race to lead in AI and critical technologies"
He presents AI-related weakness as a mild current drag on activity.

-0.6 long

Yannis Stournaras (Governor, Bank of Greece) - 2025-02-25
"intangible investment is key for productivity and value added growth, likely contributing to the widening productivity gap ... impacting also potential output growth differentials"
He presents AI-related underinvestment as a drag on Europe's long-run growth.

Monetary policy

+0.7 long

Anna Paulson (President Federal Bank of Philadelphia) - 2026-03-27
"a world of sustainably higher productivity growth is... a world with a higher R"*
She links stronger AI-driven productivity growth to a higher long-run policy rate.

+0.3 short

Austan D. Goolsbee (President Federal Bank of Chicago) - 2026-06-26
"if it is 'shifting activity into the present and overheating this economy,' [the Fed] 'starts raising the interest rates very rapidly and significantly"'
He links AI-driven overheating to a faster and larger rate response.

-0.1 long

Lorie K. Logan (President Federal Bank of Dallas) - 2026-06-04
"could eventually reduce inflation"
She suggests a mild easing implication over time, without a firm policy conclusion.

-0.5 long

Isabel Schnabel (Member of the Board) - 2026-03-06
"[if AI lifts productivity and the equilibrium real rate,] the monetary policy stance would ease endogenously"
She sees stronger AI productivity as reducing the need to tighten over time.

A.2. Directional Score: Tariffs

Inflation

+0.8 short
John C. Williams (President Federal Bank of New York) - 2025-07-16
"I expect tariffs to boost inflation by about 1 percentage point over the second half of this year and the first part of next year."
He expects tariffs to add materially to near-term inflation.

+0.3 long
Governing Council (Governing Council) - 2026-05-28
"ongoing trade tensions could also give rise to more fragmented global supply chains"
They see trade fragmentation as a source of somewhat more persistent inflation risk.

-0.3 short
Ryozo Himino (Deputy Governor) - 2026-03-02
"a significant portion of the tariff burden was absorbed by U.S. firms, instead of being passed on to consumers"
He sees tariffs as having a smaller near-term effect on consumer prices.

-0.8 short
Alan Taylor (MPC Member) - 2025-10-14
"[For third countries like the UK, trade diversion is] "most likely to have disinflationary effects"
He sees trade diversion to the UK as lowering import prices in the near term.

Labor

+0.5 long
Christine Lagarde (President) - 2023-07-17
"clear structural strengths that stand to benefit CESEE economies in the medium to long run"
She suggests trade reconfiguration supports labor capacity over time.

+0.1 long
Michelle W. Bowman (Vice Chair for Supervision) - 2025-08-09
"[They are likely to] 'boost supply and offset any tariff-related effects on economic activity and prices over the medium term,"'
She sees other policy changes as limiting any lasting labor-market damage from tariffs.

-0.4 short
Philip R. Lane (Member of the Board) - 2025-10-21
"workers in manufacturing are "increasingly worried about the negative effects of tariffs, expecting income declines and tighter credit access"
He links tariffs to weaker labor conditions in exposed manufacturing sectors.

-0.8 short
Lorie K. Logan (President Federal Bank of Dallas) - 2025-04-10
"higher-than-expected tariffs would very likely raise both unemployment and inflation."
She presents tariffs as likely to weaken labor market conditions in the near term.

Activity

+0.8 long
Yannis Stournaras (Governor, Bank of Greece) - 2025-07-10
"[Eliminating barriers] equivalent to internal high tariffs, will increase the rate of return on domestic investment"
He sees lower tariff-like barriers lifting domestic investment over the long run.

+0.2 short
Jerome H. Powell (Chair) - 2026-01-29
"the economy has pulled through pretty well... given the very significant changes in trade policy,"
He sees trade policy changes as having had only limited near-term effects on activity.

-0.3 short
Piero Cipollone (Member of the Board) - 2025-07-26
"'continued uncertainty and the unwinding of frontloading effects could weigh on business investment and exports"'
He sees tariff uncertainty as a near-term drag on investment and exports.

-0.9 long
Christine Lagarde (President) - 2026-03-05
"the more AI becomes central to global growth, the more geopolitical fragmentation becomes systemically costly"
She links fragmentation to substantial long-run output losses.

Monetary policy

+0.7 long
Frank Elderson (Member of the Board) - 2024-11-21
"[Policy] "may have to respond more proactively to bottlenecks"
He implies a tighter policy response to inflationary supply shocks.

+0.2 short
BoE MPC (BoE MPC) - 2025-02-06
"'more inflationary policy mix' in the US, and the Committee said trade developments could have 'implications for monetary policy"'
He links trade developments to the policy outlook, without specifying a BoE response.

-0.3 short
FOMC (FOMC) - 2025-12-30
"the available evidence pointed to a reduced probability that tariffs would lead to persistent inflation pressures"
He links lower tariff inflation risk to a more neutral policy stance.

-0.8 short
Alan Taylor (MPC Member) - 2026-01-14
"expect[s] monetary policy to normalise at neutral sooner rather than later"
He sees lower tariff-driven inflation as supporting an earlier move to neutral.

A.3. Directional Score: Hormuz

Inflation

+0.9 short

Ian Harper - 2026-06-02
"global fuel prices will simply push inflation even higher"
He sees a clear direct and indirect pass-through from fuel into consumer prices.

+0.4 long

Philip R. Lane (MemberChief Economist) - 2026-05-22
"after a permanent oil price shock the economy converges to a permanently higher price level"
He implies a lasting price-level effect even as inflation returns to target.

+0.0 long

Christine Lagarde (President) - 2026-03-11
"[If de-escalation] would free up traffic in the Strait of Hormuz, the price of crude oil goes back down, the price at the pump goes back down."
She sees inflation pressure from the shock as temporary if transit through Hormuz normalizes.

-0.5 short

Pierre Wunsch (Governor, Nationale Bank van België) - 2026-06-19
"the U.S.-Iran deal dents oil prices"
He reads the deal as a moderate near-term disinflationary impulse via energy.

Labor

+0.0 short

Norges Bank - 2026-05-07
"the labour market appears to be evolving broadly as expected"
He indicates no clear near-term labor-market effect from the shock.

-0.2 short

Beth M. Hammack (President Federal Bank of Cleveland) - 2026-04-15
"if energy prices hit consumers' willingness to spend, that 'could ultimately flow through into the employment numbers,"'
She links an energy price hit to downside risk in labor market outcomes.

-0.3 short

Lisa D. Cook (Member of the Board) - 2026-05-27
"heightened uncertainty about output due to the Middle East conflict"
She sees increased downside risk to the labor market from weaker demand.

-0.4 short

Stephen I. Miran (Member of the Board) - 2026-03-30
"[Higher oil and gas prices make him] "more concerned about downsides to the labor market."
He sees higher energy prices as a risk to labor market conditions.

Activity

+0.5 short

Jose Luis Escrivá (Governor, Banco de España) - 2025-07-09
"our relative greater security increases the appeal of our tourism sector."
He sees regional tensions shifting tourism demand toward Spain.

+0.1 long

Kazuo Ueda (Governor) - 2026-06-03
"Japan's economic growth rate is likely to rise moderately again, with the adverse effects of high crude oil prices being projected to wane."
He expects the growth drag from higher oil prices to diminish in the longer run.

-0.4 short

Isabel Schnabel (Member of the Board) - 2024-04-17
"Red Sea disruption scenario looked at effects on 'output and inflation' ... 'in terms of lost output'."
She treats the shock as a drag on near-term activity.

-0.8 short

Gabriel Makhlouf (Governor, Central Bank of Ireland) - 2026-04-01
"GDP growth reacts quickly to higher energy prices, falling sharply in 2026."
He expects higher energy prices to depress activity in the near term.

Monetary policy

+0.8 short

Sarah Hunter (Assistant Governor) - 2026-05-19
"the Board decided to raise the cash rate to 4.35 per cent"
Higher oil prices are seen as lifting near-term inflation and expectation risks.

+0.3 long

Bank of Canada - 2026-04-29
"[We] will not let higher energy prices become persistent inflation [and] stand ready to respond as needed."
He signals a conditional tightening response if energy-price inflation persists.

+0.0 short

Michelle W. Bowman (Vice Chair for Supervision) - 2026-05-29
"It is appropriate to look through temporarily elevated inflation readings largely due to higher energy prices"
She argues for a restrained policy response to temporary energy shocks.

-0.6 short

Stephen I. Miran (Member of the Board) - 2026-03-30
"looks through an oil price shock" [since policy] "is not going to affect inflation in the next couple of months."
He implies the shock should not prompt an immediate policy response.

A.4. Evidence Type

Data (realized)	**Fabio Panetta (Governor, Banca d'Italia) - 2026-07-07 - Tariffs** *"Real GDP grew by 1.4 per cent"* He supports the trade assessment with realized GDP, exports, production, and inflation data.
Firm survey	**Catherine L Mann (MPC Member) - 2026-07-02 - Hormuz** *"[Following] the outbreak of the Iran war, the survey data show that firms' CPI inflation expectations quickly responded"* She relies on survey measures to infer the shock's inflation effects.
Anecdotal	**Alan Taylor (MPC Member) - 2026-06-23 - Tariffs** *"what I mostly hear about is ... export challenges amid rising trade frictions"* He bases his assessment of trade frictions on business contacts from Agency visits.
Historical	**Andrew Bailey (Governor) - 2026-07-01 - AI** *"if you look at history... you've seen waves of general purpose technology innovation over history and they've actually had different patterns in terms of their impact on employment."* He supports the point with historical analogy on technology and employment.
Model / forecast	**Frank Elderson (Member of the Board) - 2026-07-02 - Hormuz** *"The June Eurosystem staff projections revised the baseline outlook for growth down... and revised inflation up"* He bases the claim on staff projections and an adverse scenario.
Theoretical	**Philip R. Lane (Member of the Board) - 2026-07-06 - AI** *"a natural benchmark analysis is to view AI as permanently increasing productivity"* He relies on mechanisms and scenarios, not realized data or a central forecast.

A.5. Realization

1.0 visible - infl.	**Christine Lagarde (President) - 2026-07-02 - Hormuz** *"[the indirect effects] we can already see"* She treats the shock's inflation effects as already visible in realized price data.
0.9 visible - activ.	**Fabio Panetta (Governor, Banca d'Italia) - 2026-07-07 - Tariffs** *"industrial production stagnated in the second half of the year"* He treats the trade shock as already visible in recent activity data.
0.7 visible - infl.	**Tiff Macklem (Governor) - 2026-07-01 - AI** *"we are starting to see some pressures"* He points to May CPI data as evidence of current inflation pressure.
0.5 mixed - activ.	**ECB Official - 2026-07-01 - AI** *"is leading to a boom in capital expenditures," but "nothing is in the bank at this time of consequence" [and we are] "before we see the fruits of AI."* He sees investment effects emerging, but little realized productivity yet.
0.1 anticip. - activ.	**Federal Reserve Official - 2026-07-01 - Hormuz** *"growth outlook has weakened"* He frames this as a forecast rather than realized activity.
0.0 anticip. - labor	**Philip R. Lane (Member of the Board) - 2026-07-06 - AI** *"AI "could intensify labour shedding during a recession"* He treats labour effects as a prospective risk rather than as something already visible.

About the Authors

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Pau Biosca joined the Quantitative Macro Research team at Fulcrum in 2024. Pau holds a Masters degree in Computer Vision from Sorbonne Université and is a Data Science and Engineering graduate of the Universitat Politècnica de Catalunya. Previously, he worked on industrial computer vision at Capgemini and Coleo, in self-driving competition vehicles and automatic waste-management applications.

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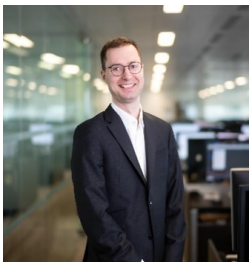

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