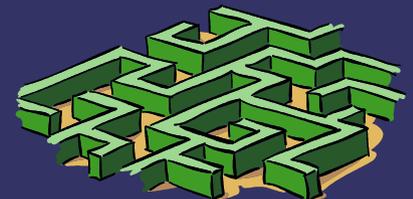


SBP Media Training Workshop

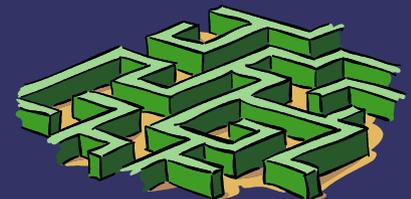
Covering Monetary Policy

Naween A. Mangi



Current Scenario

- ➔ Public and many journalists view monetary policy as a dry, little-relevant issue
- ➔ At best, seen as a routine announcement to be covered and then forgotten
- ➔ Most coverage starts and ends at breaking news of benchmark rate
- ➔ Many journalists just gloss over the rest
- ➔ Basis for coverage: Media competition rather than responsibility to inform and explain



Why We Should Really Care

- ➔ The SBP position on the benchmark rate tells a tale about the economy.
- ➔ The story of an economy is more than just a boring number, the central bank's explanation of that number and the take on that by talking heads
- ➔ It's about people making, selling and buying goods and services
- ➔ It's about the creation of jobs and wealth
- ➔ It's a compelling tale to tell



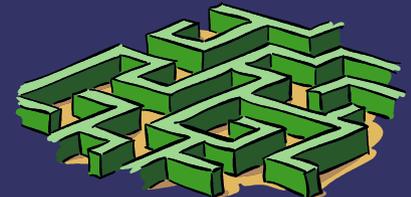
What It Really Means

- ➔ A growing economy prompts investors in financial markets to wonder whether the central bank will raise rates to maintain the current value of money and prevent sudden increases in inflation
- ➔ A shrinking economy prompts investors to wonder whether the central bank will lower rates to make money cheaper to borrow and in the process encourage people to buy and sell more and to create more jobs



Understanding is Key

- ➔ Do your homework
- ➔ Understand what monetary policy is and what it means
- ➔ Familiarize yourself with the process
- ➔ Study resources at:
http://www.sbp.org.pk/m_policy/index.asp
- ➔ Familiarize yourself with the statement
- ➔ Follow monetary policy announcements of other central banks in region and around the world



Parts of the Whole

- ➔ Covering monetary policy is more than announcing the benchmark rate
- ➔ Your monetary policy story should begin before the announcement
- ➔ Explain what is expected to be announced and why
- ➔ Run a poll of economists; survey expectations
- ➔ Explain what those numbers imply about prospects for inflation, growth etc



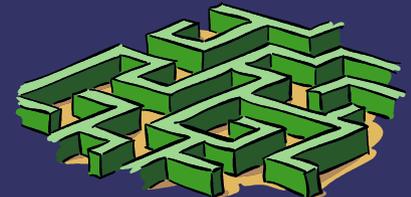
Parts of the Whole

- ➔ At the time of the announcement, your story should explain: what happened and also why it happened, what it means and what people think about it
- ➔ It should also explain how markets react and what that means for the economy
- ➔ After the announcement, your coverage shouldn't end there: look for the chain reaction and what that means for the public, for companies, for markets



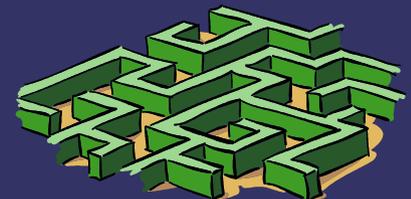
From the Announcement

- ➔ For breaking news, look for decision at end
- ➔ Then do read the entire statement
- ➔ Watch out for self-serving comments or excess of background
- ➔ Translate jargon and explain
- ➔ Look for valuable quotes
- ➔ Look for the decision-making process
- ➔ Look for the interpretation
- ➔ Look for economic outlook which can lead to other stories



Review of Statement

- ➔ SBP announces monetary policy every alternate month:
July/September/November/January/March/May
- ➔ Twice a year Governor addresses press conference
- ➔ Four times a year a statement is released via Website
- ➔ Minutes of MPC committee are also released and worth reading



Story Tips

- ➔ Use impact leads to explain how readers and viewers are affected by decisions
- ➔ If you don't help readers understand how information affects them, likely to lose them
- ➔ Write for your readers and viewers not for your sources
- ➔ Use analogies to help readers understand the numbers
- ➔ Introduce human element to make business stories more palatable



Later on.....

- ➔ Coverage of monetary policy doesn't end the day of the announcement
- ➔ Most reporters cover the announcement and then shut shop for two months till next time
- ➔ Remember SBP isn't acting in isolation or on paper
- ➔ Ramifications are widespread
- ➔ Look at the implications. Follow what happens. Who does it affect.



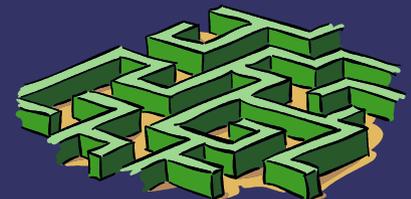
What to follow

- ➔ Borrowing: What happens to bank lending rates? Who starts borrowing more? What do companies do with higher borrowings? Why do they do that? What about personal loans/car loans/mortgages? How do people take decisions?
- ➔ Savings & Spending: What happens to deposit rates? How does that change savings behavior? Do people spend more when deposit rates are low? What on?



Further Out....

- ⇒ SBP makes decisions on the policy rate in order to have desired effect on the economy; decisions aren't made just for sake of it
- ⇒ Do they achieve those objectives over time?
- ⇒ What are the macroeconomic implications of the policy rate decisions?
- ⇒ As journalists we don't follow through and help public understand what all this really means and whether it really works or not
- ⇒ Interpretive, analytical stories



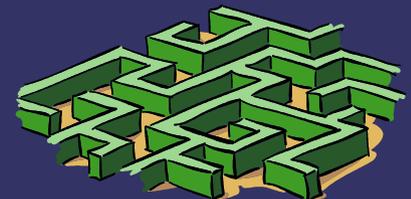
Main Story: Nuts & Bolts

- ➔ Same for all media: print, TV, online
- ➔ Theme: Contains two elements
- ➔ What: Key piece of information; in case of economic indicators must convey a sense of direction: rose, fell or little changed
- ➔ Include a comparison with historical performance or expectations to show the surprise
- ➔ Why: Explain the key information. Why is someone doing something? Why does the news matter, what is at stake here.



Main Story: Nuts & Bolts

- ➔ Details: Provide other pieces of information that back up the theme or provide essential facts
- ➔ Quotation/Voice: Statement from relevant authority that provides support for the theme. Gives reader more confidence about the story's credibility.
- ➔ Sometimes you want an independent voice, someone with a financial interest.



Main Story: Nuts & Bolts

- ➔ Nut Paragraph: What's at stake? Explains why people should care even if they aren't directly concerned with the subject matter.
- ➔ Provides context and perspective that make a story easy to understand and interesting to a wider range of customers.
- ➔ How does today's news relate to the past and future?
- ➔ What could happen as a result of this?



Stories

➔ <https://www.reuters.com/article/us-israel-econom>



➔ <https://www.bloomberg.com/news/articles/2018>



➔ <http://graphics.wsj.com/libor-unraveling-tom-hay>



➔ <https://www.theguardian.com/business/grogono>



➔ <https://www.theguardian.com/business/2017/ap>

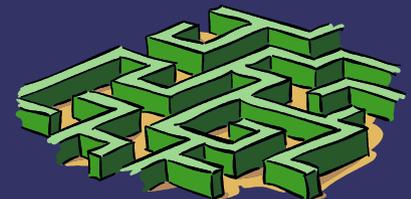


➔ <https://www.bbc.com/news/business-41831777>



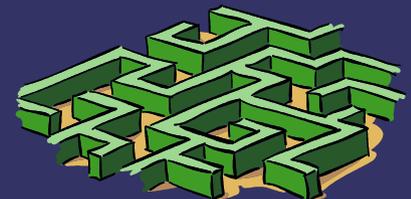
How to Prepare Your Story

- ➔ Determine your theme: Failing to include the most important facts or including too many facts makes it difficult to attract interest
- ➔ Decide whether all the information really belongs in the story and where it belongs. Make sure the selection and placement isn't sidetracking the narrative
- ➔ Make sure your quote backs up the theme or readers will be confused and you lose credibility



Journalist Ethics

- ➔ Being first and being wrong is a critical mistake that dents credibility
- ➔ Accuracy is vital; policy rate is market sensitive information. Don't speculate or take risks on breaking news about the rate.
- ➔ Be especially careful with anonymous sourcing in stories about important facts that can cause people to lose or unfairly gain money
- ➔ Take the process seriously
- ➔ Respect the system



Covering Monetary Policy

Thank you.

