Do Firms Care About Monetary Policy Uncertainty? Evidence from Earnings Calls*

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Abstract

While monetary policy uncertainty (MPU) has been studied extensively at the macroeconomic level, how individual firms perceive it remains underexplored. We construct a text-based measure of firm-level MPU from the transcripts of 197,074 quarterly earnings calls, capturing the share of each call in which monetary policy and risk are jointly discussed. We document three stylized facts: firms do care about monetary policy uncertainty, though attention is concentrated in a minority of calls; this attention rises in the days before an FOMC meeting and resolves on the announcement day; and it is concentrated in monetary-policy-sensitive sectors, most notably financial firms. We then establish a causal fact: exploiting high-frequency monetary shocks around FOMC announcements, we find that firms that discussed MPU in the prior quarter are roughly half as sensitive to monetary shocks, with the dampening concentrated on contractionary surprises. Thus, communicating monetary policy uncertainty to investors appears to insulate firm value from adverse monetary policy news.

Keywords: Monetary policy uncertainty; earnings calls; textual analysis; corporate disclosure; stock returns
JEL Codes: G14; G30; G32; E52; E58; D80

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1 Introduction

Monetary policy increasingly shapes corporate decisions and macroeconomic outcomes, and monetary policy uncertainty (MPU) has attracted growing attention in recent years. However, existing measures of MPU operate only at the aggregate level, capturing economy-wide fluctuations, but are silent on meaningful heterogeneity across firms. These aggregate-level measures are typically constructed from one of three sources: newspaper coverage (Husted, Rogers, and Sun, 2020), financial derivatives (Bauer, Lakdawala, and Mueller, 2022), or surveys of professional forecasters.[1] Direct measures of whether and how firms care about monetary policy uncertainty are lacking in the literature. This paper aims to fill the gap.

Specifically, we approach this problem in three steps. First, we construct a text-based measure of monetary policy uncertainty at the firm-quarter level to capture the degree of uncertainty the firm perceives about monetary policy for each earnings call. We use an approach similar to Hassan et al. (2019), which measures corporate exposure to political uncertainty. Intuitively, we define a measure of the share of the quarterly conversation between call participants and firm management that focuses on risks or uncertainties related to monetary policy, capturing the proportion of the conversation in which monetary policy and the firm's risk exposure are jointly discussed. We also construct alternative measures for robustness checks that vary in the extent to which uncertainty and risk are mentioned in monetary policy discussions.

Second, we use this measure to establish a set of basic facts about whether, when, and which firms care about monetary policy uncertainty. We find that firms *do* care about monetary policy uncertainty: roughly one in eleven earnings calls under our baseline definition—and as many as one in five under a more relaxed definition—contains an explicit joint discussion of monetary policy and risk, though this attention is highly concentrated in a thin upper tail of calls rather than evenly distributed. We then show that firms care at economically relevant time horizons. Estimating the predicted probability of an MPU discussion as a function of proximity to the nearest FOMC meeting, we find that firms are about 2 percentage points more likely to discuss monetary policy uncertainty in the days leading up to a meeting, and that this elevated attention resolves on the announcement day itself—consistent with FOMC meetings systematically reducing firms'

[1] For instance, the New York Fed's Survey of Primary Dealers.

perceived uncertainty about monetary policy. Finally, we document substantial cross-sectional heterogeneity in which firms care. When sorting firms by sector, financial firms stand out sharply: belonging to the financial sector raises the probability of discussing MPU by about 15 percentage points, a large effect relative to the 9% unconditional mean. Construction and services firms also discuss MPU more than average, while mining firms discuss it less—a ranking that lines up closely with prior evidence on which sectors are most sensitive to monetary policy shocks.

Third, we move from documenting attention to identifying its consequences for firm value, asking whether a firm's monetary policy uncertainty shapes how its stock price responds to monetary shocks. We exploit high-frequency identified monetary policy surprises in the 30-minute window around FOMC announcements (Bauer and Swanson, 2023) and examine daily stock returns on announcement days, conditional on the firm's MPU measured in the prior quarter. Because firms' MPU discussions are predetermined relative to the announcement, differences in return responses across firms can be interpreted as the causal effect of MPU on the sensitivity of firm value to monetary policy. We find that firms that discussed monetary policy uncertainty in their preceding earnings call are less sensitive to monetary shocks: their reaction to unexpected monetary shocks is roughly half that of otherwise comparable firms that did not discuss MPU. Allowing for asymmetric effects sharpens the interpretation. For firms with the most intensive MPU discussions, the dampening operates predominantly on the contractionary side—discussing monetary policy uncertainty substantially cushions the stock-price decline from an unexpected tightening, while leaving the gain from an unexpected easing largely unchanged.

Our paper makes two main contributions to the financial economics literature. First, to the best of our knowledge, it is among the first to apply text analysis techniques to measure firm-level monetary policy uncertainty across a large set of firms and over time. Our approach builds on the methods of Hassan et al. (2019) and Li et al. (2024) and extends the earnings call measures to include monetary policy risks, from political and climate risks. Our measure complements the aggregate-level measures from newspaper coverage (Husted, Rogers, and Sun, 2020), financial derivatives (Bauer, Lakdawala, and Mueller, 2022), or surveys of professional forecasters.

Our paper also contributes to the financial economics literature on the cross-sectional variation in firms' responses to monetary policy shocks. Recent studies have focused on how monetary

policy affects firms' corporate investment, credit, and employment decisions as in Ottonello and Winberry (2020), Durante, Ferrando, and Vermeulen (2022), Jeenas (2026), Cloyne et al. (2023), Fang (2020), Deng and Fang (2022), Liu, Wu, and Zhang (2023), Chen (2026), Zhang and Zhou (2026), and Canofari et al. (2025), and stock returns as in Gorodnichenko and Weber (2016), Lakdawala, Moreland, and Fang (2024), Ozdagli and Weber (2026), and Colak and Mai (2026), among others. Our study adds to the literature by showing that firm-level monetary policy uncertainty is another factor that explains the differing reactions of firms' stock returns to monetary policy.

Taken together, the results in this paper suggest that firms do care about monetary policy uncertainty, and communicating monetary policy uncertainty to investors helps insulate firm value from monetary policy news, particularly adverse shocks.

2 Data

2.1 Datasets

Earnings Calls To measure firm-level exposure to monetary policy uncertainty, we use transcripts of earnings calls from all U.S. public firms, obtained from S&P Capital IQ, as our primary data source. Capital IQ provides verbatim transcripts of quarterly earnings calls, including both the prepared management presentation and the subsequent question-and-answer (Q&A) session with financial analysts. The same data are used in earlier papers to extract firm-level measures based on textual analysis, for example, Hassan et al. (2019) on measures of corporate exposure to political risk, Li et al. (2021) on measures of corporate culture, and Li et al. (2024) on measures of corporate exposure to climate risk. These transcripts of earnings calls record discussions among the management team, industry analysts, investors, and the media regarding the company's corporate strategy, operating conditions, and financial performance for a given quarter.

Each transcript is time-stamped and linked to firm identifiers such as ticker, GVKEY, and CUSIP, allowing us to merge the textual data with firm-level financial information from standard accounting and market databases. Firms typically hold one conference call in each fiscal quarter following their earnings releases. Therefore, we treat each earnings call as a firm-quarter obser-

vation. When multiple transcripts are available for the same firm and fiscal quarter, we retain the primary earnings call associated with the official earnings announcement. The sample period begins in 2004, when transcript coverage was more consistent and formatting was standardized in Capital IQ, and ends in 2021 to avoid distortions from incomplete data in subsequent years. All transcripts are screened to remove calls with missing or severely truncated text.

Firm-level Financial Data We obtain firm-level panel data from Compustat Quarterly, which contains quarterly balance sheet information for publicly listed U.S. firms. The quarterly database has three advantages: quarterly frequency, which is the highest frequency we could obtain at the firm level; a sufficiently long data history, covering the whole period for which we have a monetary policy shock measure; and rich and detailed financial information, giving us the opportunity to extensively control for firm characteristics. We also obtain firms' daily stock return data from the Center for Research in Security Prices (CRSP).

Monetary Shocks Data Finally, we leverage the transmission of high-frequency identified monetary policy shocks during the 30-minute window of FOMC announcements to test the effects of firm-level MPU on firm performance. We use the series from Bauer and Swanson (2023), which is computed as the first principal component of changes in the interest rates of the first four quarterly Eurodollar futures contracts, ED1 to ED4, around FOMC announcements.[2] We use the orthogonal FOMC announcement event shocks for regressions of daily stock returns.

2.2 Firm-level MPU Measures

We follow the same procedure as in Hassan et al. (2019) for political risk and Li et al. (2024) for climate risk to measure monetary policy uncertainty at the firm level from earnings calls. Intuitively, we define a measure of the share of the quarterly conversation between call participants and firm management that focuses on risks or uncertainties related to monetary policy. The risk synonyms are defined as in Hassan et al. (2019) for all potential mentions of risks and uncer-

[2]The measure is scaled so that a one-unit change in the first principal component corresponds to a one-percentage-point change in the ED4 rate, a one-year interest rate. We follow the approach of Bauer and Swanson (2023) to orthogonalize the raw measure to the information available before FOMC announcements. In particular, the orthogonalized monetary policy surprise measure is the residuals from regressing the raw monetary policy surprises on the six macro and financial variables listed in Table 1 of Bauer and Swanson (2023).

tainties.[3] The monetary policy keywords (unigrams/bigrams/trigrams) are defined as in Baker, Bloom, and Davis (2016) for the aggregate-level measure from the major newspapers.[4]

We construct our firm-level measures of monetary policy uncertainty using the dictionaries above, which map monetary policy keywords to risk synonyms. Specifically, we first decompose each earnings call transcript into a list of unigrams/bigrams. We then require the monetary policy keywords to appear in the same paragraph as the monetary policy terms. Finally, we divide the frequency of these occurrences by the length of the transcript, and then multiply the quotient by 10^4 to reduce the number of decimals. In essence, the frequency measure above ($\mathbb{F}_{i,t}^{mpu}$) captures the proportion of a conversation in which monetary policy and the firm's risk exposure are jointly discussed for firm i at time t. Meanwhile, since many firms do not jointly discuss monetary policy and uncertainty, we also create an indicator dummy ($\mathbb{1}_{i,t}^{mpu}$) such that $\mathbb{1}_{i,t}^{mpu} \equiv 1$ when there is a positive mention of MPU ($\mathbb{F}_{i,t}^{mpu}$), otherwise $\mathbb{1}_{i,t}^{mpu} \equiv 0$. Since Compustat firms generally hold one earnings call per fiscal quarter, $\mathbb{F}_{i,t}^{mpu}$ and $\mathbb{1}_{i,t}^{mpu}$ are, by nature, quarterly measures.

For robustness checks, we construct two alternative measures. The first one is the strictest measure, requiring the monetary policy keywords to appear in the vicinity (±1 sentence) of at least one risk synonym, to ensure that firms are closely discussing monetary policy and uncertainty together. We denote this strictest frequency measure as $\mathbb{F}_{i,t}^{\overrightarrow{mpu}}$ and the corresponding indicator as $\mathbb{1}_{i,t}^{\overrightarrow{mpu}}$, where the $\rightarrow$ indicates increased strictness. However, this measure carries the risk of under-measurement. The second one is the most relaxed measure, requiring the monetary policy keywords to appear, but not a risk synonym to appear. We denote this most relaxed

[3]The corresponding risk synonyms keywords are: risk, risks, uncertainty, uncertainties, jeopardize, riskiness, unsettled, treacherous, unpredictability, oscillating, variable, dilemma, perilous, chance, skepticism, tentativeness, possibility, hesitancy, unreliability, pending, riskier, wariness, unresolved, vagueness, uncertain, unsure, dodgy, doubt, irregular, equivocation, prospect, jeopardy, indecisive, bet, suspicion, chancy, variability, risking, menace, exposed, peril, qualm, likelihood, hesitating, vacillating, threat, risked, gnarly, probability, unreliable, disquiet, unknown, unsafe, ambivalence, varying, hazy, imperil, unclear, apprehension, vacillation, unpredictable, unforeseeable, incalculable, speculative, halting, untrustworthy, fear, wager, equivocating, reservation, torn, diffident, hesitant, precarious, fickleness, gamble, undetermined, misgiving, risky, insecurity, changeability, instability, debatable, undependable, doubtful, undecided, incertitude, hazard, dicey, fitful, tricky, indecision, parlous, sticky, wavering, unconfident, dangerous, iffy, defenseless, tentative, faltering, unsureness, hazardous, endanger, fluctuant, queries, quandary, niggle, danger, insecure, diffidence, fluctuating, changeable, precariousness, unstable, riskiest, doubtfulness, vague, hairy, erratic, ambivalent, query, dubious.

[4]The corresponding monetary policy keywords are: federal reserve, the fed, money supply, open market operations, quantitative easing, monetary policy, fed funds rate, overnight lending rate, Bernanke, Volcker, Greenspan, central bank, interest rates, fed chairman, fed chair, lender of last resort, discount window, European Central Bank, ECB, Bank of England, Bank of Japan, BOJ, Bank of China, Bundesbank, Bank of France, Bank of Italy.

frequency measure as $\mathbb{F}_{i,t}^{\overleftarrow{mpu}}$ and the corresponding indicator as $\mathbb{1}_{i,t}^{\overleftarrow{mpu}}$, where the $\leftarrow$ indicates decreased strictness. This measure, by contrast, carries the risk of over-measurement.

3 Results

This section presents our main results. We first explore whether, when, and which firms discuss monetary policy uncertainty in their earnings calls. We then conclude this section by presenting results from high-frequency stock price movements at the firm level on FOMC announcement days, conditional on lagged firm-level MPU.

3.1 Do Firms Care About MPU?

We first investigate whether firms care about monetary policy uncertainty. Table 1 summarizes our constructed firm-level MPU measures from 197,074 firm-quarter earnings calls. The baseline indicator $\mathbb{1}_{i,t}^{mpu}$ equals one in about 9% of firm-quarters, and the baseline frequency $\mathbb{F}_{i,t}^{mpu}$ averages 0.308 per $10,000$ words with a standard deviation of 1.574. The distribution is strongly right-skewed: the median is zero, the 95th percentile is 1.901, and the maximum reaches 90.312, indicating that monetary policy uncertainty is a meaningful topic for a small subset of calls.

The two robustness measures behave as their construction would predict. The strictest variant, which additionally requires a risk synonym within ± 1 sentence of a monetary-policy keyword, mechanically tightens the screen and activates in only 3.7% of firm-quarters. The most relaxed variant, which requires only the monetary-policy keyword, substantially broadens coverage and activates in 18.1%. The monotone ordering of activation rates brackets the baseline between a plausibly under- and over-measured alternative. Across all six variables, the median is zero, so the identifying variation lies in the right tail; this motivates the use of both the continuous frequency and the indicator transformation as complementary specifications in what follows.

Two takeaways emerge from Table 1. First, firms *do* care about monetary policy uncertainty: a nontrivial share of earnings calls—roughly one in eleven under the baseline definition, and as many as one in five under the relaxed definition—contains an explicit joint discussion of monetary

Table 1: Summary Statistics of Firm-level MPU Measures

Variables	Obs	Mean	Std	Min	P05	P25	P50	P75	P95	Max
$\mathbb{1}_{i,t}^{mpu}$	197,074	0.093	0.291	0.000	0.000	0.000	0.000	0.000	1.000	1.000
$\mathbb{F}_{i,t}^{mpu}$	197,074	0.308	1.574	0.000	0.000	0.000	0.000	0.000	1.901	90.312
$\mathbb{1}_{i,t}^{\overrightarrow{mpu}}$	197,074	0.037	0.188	0.000	0.000	0.000	0.000	0.000	0.000	1.000
$\mathbb{F}_{i,t}^{\overrightarrow{mpu}}$	197,074	0.084	0.584	0.000	0.000	0.000	0.000	0.000	0.000	32.841
$\mathbb{1}_{i,t}^{\overleftarrow{mpu}}$	197,074	0.181	0.385	0.000	0.000	0.000	0.000	0.000	1.000	1.000
$\mathbb{F}_{i,t}^{\overleftarrow{mpu}}$	197,074	0.696	2.500	0.000	0.000	0.000	0.000	0.000	4.036	90.312

Notes: This table summarizes the six firm-level monetary policy uncertainty (MPU) measures constructed from quarterly earnings call transcripts over the sample of 197,074 firm-quarter observations. $\mathbb{F}_{i,t}^{mpu}$ is the baseline frequency measure, defined as the count of paragraphs in which a monetary-policy keyword co-occurs with a risk synonym, divided by transcript length and scaled by 10^4; $\mathbb{1}_{i,t}^{mpu}$ is the corresponding indicator equal to one when $\mathbb{F}_{i,t}^{mpu} > 0$. $\mathbb{F}_{i,t}^{\overrightarrow{mpu}}$ is the stricter variant that additionally requires the monetary-policy keyword and the risk synonym to lie within ±1 sentence of each other, with indicator $\mathbb{1}_{i,t}^{\overrightarrow{mpu}}$. $\mathbb{F}_{i,t}^{\overleftarrow{mpu}}$ is the most relaxed variant, requiring only a monetary-policy keyword (no risk synonym), with indicator $\mathbb{1}_{i,t}^{\overleftarrow{mpu}}$. All measures are at the firm–quarter level.

policy and risk. Second, this attention is highly concentrated rather than evenly distributed: the median firm-quarter contains no such discussion at all, while a thin upper tail of calls devotes a substantial fraction of the conversation to it. It is precisely this asymmetry between the silent majority and the vocal minority that our subsequent regressions exploit.

3.2 When Do Firms Care About MPU?

Next, we investigate whether firms care about monetary policy uncertainty at a relevant time horizon. More specifically, the occurrence of an FOMC meeting should resolve a firm's uncertainty about monetary policy.[5] To test this, we first estimate the following logistic regression to determine the relationship between MPU and proximity to an FOMC meeting:

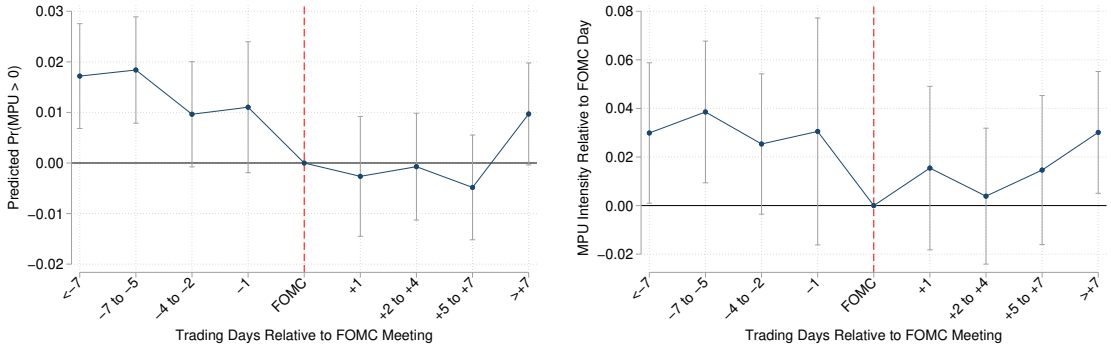
$$\Pr\left(\mathbb{1}_{i,t}^{mpu} = 1\right) = \Lambda\left(\alpha_0 + \sum_c \beta_c \mathbb{1}\{DAYS_t = c\} + \Gamma_z Z_{i,t}\right), \tag{1}$$

[5]See Lakdawala and Moreland (2023) for evidence that general firm-level uncertainty, measured as the implied volatility of a firm's stock price, falls on FOMC days.

where $\mathbb{1}_{i,t}^{mpu} = 1$ is our firm-quarter-level MPU indicator, $\Lambda(\cdot) = \frac{e^{\cdot}}{(1+e^{\cdot})}$ is the logistic CDF, α_0 is the intercept, $DAYS_t$ are the $c = \{< -7, -7\ to\ -5, ..., > +7\}$ categories denoting the number of earnings calls trading days to the closest FOMC meeting and $Z_{i,t}$ are firm-level controls, including sector and S&P 500 membership, as well as an indicator for the day of the week. Standard errors are two-way clustered at the firm and date levels.

The regression results for equation 1 are in panel (a) of Figure 1. We report the average marginal effect and the 90% confidence interval for proximity to an FOMC meeting on the predicted probability of an earnings call that discusses monetary policy uncertainty. The marginal effects are relative to the predicted probability on an FOMC day. As shown, firms are more likely to discuss monetary policy uncertainty in the days leading up to an FOMC meeting: approximately 2 percentage points higher when earnings calls are 5 or more trading days before an FOMC meeting. Such monetary policy uncertainty appears to resolve on the FOMC meeting day and is statistically indistinguishable from the day after the FOMC meeting.

Figure 1: Predicted Probability of MPU by Proximity to FOMC Meeting



(a) Indicator Measure

(b) Frequency Measure

Notes: Panel (a) plots the marginal effect (relative to an FOMC meeting day) of $DAYS_t$ by estimating the following logistic regression: $\Pr\left(\mathbb{1}_{i,t}^{mpu} = 1\right) = \Lambda\left(\alpha_0 + \sum_c \beta_c \mathbb{1}\{DAYS_t = c\} + \Gamma_z Z_{i,t}\right)$, where $\mathbb{1}_{i,t}^{mpu} = 1$ is our firm-quarter-level MPU indicator, $\Lambda(\cdot) = \frac{e^{\cdot}}{(1+e^{\cdot})}$ is the logistic CDF, α_0 is the intercept, $DAYS_t$ are the c categories denoting the number of trading days to the closest FOMC meeting and $Z_{i,t}$ are firm-level controls, including sector and S&P 500 membership, as well as an indicator for the day of the week. Panel (b) estimates an OLS regression containing the same set of variables, except we replace the outcome measure with our continuous frequency measure $\mathbb{F}_{i,t}^{mpu}$. Standard errors are two-way clustered at the firm and date levels in both panels. The confidence interval is 90%.

We further show in panel (b) of Figure 1 that such timing patterns are preserved when we use the frequency measure that shows how intensively monetary policy uncertainty is discussed. We

estimates an OLS regression containing the same set of variables, except we replace the outcome measure with our continuous frequency measure $\mathbb{F}_{i,t}^{mpu}$ in the following regression:

$$\mathbb{F}_{i,t}^{mpu} = \alpha_0 + \sum_c \beta_c \mathbb{1}\{DAYS_t = c\} + \Gamma_z Z_{i,t} + \epsilon_{i,t}, \tag{2}$$

where the variables are defined as in equation 1. The β_c coefficients (plotted in panel b) follow a very similar pattern to panel (a). The farther away from an FOMC meeting, the more intensively monetary policy uncertainty is discussed at earnings calls. Additionally, the intensity of discussions on monetary policy uncertainty declines on FOMC days and remains low.

To check the robustness, we find that the same general pattern in both indicator and frequency measures holds if we exclude utilities and financial firms (Appendix Figure A.2) or when using one of our alternative MPU measures with a stricter classification or relaxed classification (Appendix Figure A.3). The takeaway is that all these results show that firms do care about monetary policy uncertainty and communicate with their investors at relevant time horizons.

3.3 Which Firms Care About MPU?

Next, we further explore which firms are more likely to discuss monetary policy uncertainty. We do this by re-estimating the logistic and OLS specifications from the previous section; however, we replace our measure of proximity to an FOMC meeting ($DAYS_t$) with additional lagged firm-level controls, including asset value, ratio of accounts receivable to accounts payable, depreciation-to-assets ratio, market capitalization, and Tobin's q.

In Table 2, the first three columns present the average marginal effects for a firm's sector and membership in the S&P 500 on the probability of a firm discussing monetary policy uncertainty during an earnings call ($\Pr\left(\mathbb{1}_{i,t}^{mpu} = 1\right)$). The reported average marginal effects are relative to the (omitted) manufacturing sector. Column (2) adds the firm-level controls listed above and a quarterly time fixed effect. Financial firms are the most likely sector classification to discuss monetary policy uncertainty.[6] Belonging to the financial sector increases the probability of $\mathbb{1}_{i,t}^{mpu} = 1$

[6]The financial classification includes the finance, real estate, and insurance classifications (i.e., all SIC codes beginning with a 6)

Table 2: Firm-level MPU by Sector

	Indicator Measure			Frequency Measure		
	(1)	(2)	(3)	(4)	(5)	(6)
Construction	0.0821***	0.0373**	0.0352**	0.1059***	0.1089***	0.0162
	(0.0253)	(0.0154)	(0.0154)	(0.0332)	(0.0284)	(0.0226)
Mining	-0.0175***	-0.0203***	-0.0219***	-0.0201***	-0.0065	-0.0291***
	(0.0035)	(0.0046)	(0.0045)	(0.0043)	(0.0059)	(0.0106)
Transportation	0.0096	-0.0031	-0.0039	0.0289	0.0270	-0.0358*
	(0.0070)	(0.0067)	(0.0066)	(0.0194)	(0.0192)	(0.0214)
Wholesale	0.0137	0.0051	0.0042	0.0169	0.0163	-0.0327**
	(0.0092)	(0.0087)	(0.0088)	(0.0112)	(0.0120)	(0.0150)
Retail	0.0034	0.0106	0.0098	0.0078	0.0065	0.0082
	(0.0055)	(0.0071)	(0.0071)	(0.0074)	(0.0079)	(0.0091)
Services	0.0206***	0.0290***	0.0289***	0.0345***	0.0362***	0.0402***
	(0.0056)	(0.0069)	(0.0069)	(0.0084)	(0.0086)	(0.0089)
Utilities	0.0374***	0.0120*	0.0113*	0.0784***	0.0909***	-0.0264
	(0.0083)	(0.0064)	(0.0065)	(0.0206)	(0.0207)	(0.0204)
Financial	0.2808***	0.1527***	0.1493***	0.7233***	0.7070***	0.5589***
	(0.0113)	(0.0123)	(0.0122)	(0.0490)	(0.0487)	(0.0466)
S&P 500	0.0460***	0.0046	0.0125**	0.0519**	0.0255	-0.0265
	(0.0062)	(0.0061)	(0.0061)	(0.0224)	(0.0222)	(0.0233)
Tuesday			0.0105**			
			(0.0052)			
Wednesday			0.0093*			
			(0.0055)			
Thursday			0.0119**			
			(0.0053)			
Friday			0.0144**			
			(0.0067)			
Observations	113,084	99,663	99,669	113,084	112,824	99,398
Firm Controls	No	Yes	Yes	No	No	Yes
Time FE	No	Yes	No	No	Yes	Yes

Notes: Columns (1)-(3) report the marginal effects from the following logistic regression: $\Pr\left(\mathbb{1}_{i,t}^{mpu} = 1\right) = \Lambda\left(\alpha_0 + \sum_s \beta_s \mathbb{1}\{SECTOR_i = s\} + \Gamma_z Z_{i,t}\right)$, where $\mathbb{1}_{i,t}^{mpu}$ is our indicator measure for MPU, $\Lambda(\cdot) = \frac{e^{\cdot}}{(1+e^{\cdot})}$ is the logistic CDF, α_0 is the intercept, $SECTOR_i$ are the s sectors (manufacturing is the omitted sector) and $Z_{i,t-1}$ are additional firm-level controls, including S&P 500 membership and, in column (3), an indicator for the day of the week. Column (2) includes a quarterly fixed effect. Columns (4)-(6) report the coefficients from an OLS regression containing the same set of variables, except we replace the outcome measure with our continuous $\mathbb{F}_{i,t}^{mpu}$ measure. Columns (5) and (6) include a trading day fixed effect. Two-way clustered (by firm and trading day) standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

by 15.3 percentage points. This is a sizable effect, given that 9.3% of firm-quarter earnings calls have $\mathbb{1}_{i,t}^{mpu} = 1$. To a lesser, but significant, extent, construction (3.7pp) and services (2.9pp) firms are more likely to discuss MPU, while mining (-2.0pp) firms are less likely.[7]

[7]Column (3) of Table 2 adds indicators for each day of the week. The marginal effect across all days from Tuesday to Friday is statistically significant, with a magnitude of approximately 1 percentage point. This suggests that firms

The last three columns of Table 2 display results for our frequency measure ($\mathbb{F}_{i,t}^{mpu}$).[8] Again, financial firms have the most distinct behavior, as belonging to the financial sector is associated with a 0.56 increase in $\mathbb{F}_{i,t}^{mpu}$. This is nearly twice the sample mean of 0.31. The remaining sectors have comparatively smaller magnitudes. Construction, utilities, and service sector firms have statistically significant and positive relationships with $\mathbb{F}_{i,t}^{mpu}$; however, services is the only of these sectors that is robust to the inclusion of firm-level controls (column 6). Conversely, the mining, wholesale, and transportation sectors have statistically significant and negative relationships.

Overall, financial firms appear to care most about MPU, along with construction and services firms. On the other hand, mining firms show evidence of caring the least. These results align with previous research on sectoral sensitivity to monetary policy shocks and suggest that firms in relevant sectors may be more sensitive to uncertainty about monetary policy.[9]

3.4 Evidence from Stock Returns

Finally, we leverage the transmission of high-frequency identified monetary shocks in the 30-minute window around FOMC announcements and in firm-level daily stock returns to test the causal effect of firm-level monetary policy uncertainty on firm performance. The identification is that firms' monetary policy uncertainty discussions are predetermined by the 30-minute window around FOMC announcements; therefore, differences in firms' daily stock return responses, conditional on firm-level monetary policy uncertainty, reflect how firms' market value depends on this measure of MPU.[10] We use the monetary policy series from Bauer and Swanson (2023), which is orthogonal to the Fed information effects, from February 2, 2005, to December 11, 2019, capturing 126 FOMC announcement events.[11] We then extract the daily stock return of all firms

are not strongly preferring any specific weekday for earnings calls, e.g., strategically choosing Friday.

[8] Table 2 looks qualitatively similar for our two alternative measures of MPU (strictest and relaxed)

[9] For example, Durante, Ferrando, and Vermeulen (2022) shows that firm investment is most sensitive to monetary shocks in the construction sector, and Akarsu et al. (2025) presents evidence that the construction and services sectors are the most sensitive non-financial sectors to monetary shocks in Turkey. Ahmad and Rangaraju (2021) finds output for firms in the mining industry to be less sensitive to domestic monetary policy.

[10] Such identification strategy around FOMC announcements is widely adopted for macro-finance analysis on firm performances, i.e., Gorodnichenko and Weber (2016), Ozdagli and Weber (2026), and the authors' previous works (Lakdawala, Moreland, and Fang, 2024; Adams et al., 2025; Lakdawala and Moreland, 2026).

[11] The monetary policy shock that we use is the measure of the monetary policy surprises constructed by Bauer and Swanson (2023), which is computed as the first principal component of changes in the interest rates of the first four quarterly Eurodollar futures contracts, ED1 to ED4, around FOMC announcements. Adams and Barrett

in CRSP on the corresponding FOMC announcement dates.

Specifically, we estimate the event-level (e) empirical specification to assess whether firms' monetary policy uncertainty leads to differential responses of stock returns

$$R_{i,e} = \beta_0 + \beta_1 MP_e + \beta_2 MP_e \times MPU_{i,t-1} + \beta_3 MPU_{i,t-1} + \beta_4 Z_{i,t-1} + \gamma_j + \gamma_e + \epsilon_{je}, \tag{3}$$

where $R_{i,e}$ denotes the daily stock return of firm i in the event date e and MP_e is our measure of monetary policy shocks. The term $MPU_{i,t-1}$ denotes the firm-level MPU measure, lagged by 1 quarter. The regression includes a set of one-quarter lags of firm-level control variables, denoted by $Z_{i,t-1}$, which include the same controls as in regression (1). The regression also includes firm fixed effects (γ_j). For robustness, we consider an alternative specification that includes event fixed effects, in which case the direct effects of monetary policy shocks are absorbed by these fixed effects. For additional robustness, we estimate regressions excluding utility and financial firms, as well as regressions using the strictest and most relaxed measures.

Table 3 presents the result of our baseline regression specification (3). To interpret the effects of monetary shocks more intuitively, we standardize the raw monetary shocks by flipping the sign and dividing by 25 bps, so that a one-unit increase in the variable MP_e reduces the one-year rate by 25 basis points. Our findings are as follows. First, from all columns except 4 and 8, which control for event fixed effects, we find that a 25 bps unexpected monetary expansion raises firms' stock returns by about 2.0-2.5 percentage points. Second, firms that discussed monetary policy uncertainty in previous earnings calls have less sensitive stock return responses than their counterparts that did not discuss MPU. In terms of the indicator measure, a 25 bps unexpected monetary expansion raises the stock returns of these firms by about 50% less than those of their counterparts that did not discuss MPU. Similar patterns hold for the frequency measure, though the magnitudes are different due to changes in the measure. The results are also robust by exclud-

(2025) estimate that this shock is largely driven by immediate federal funds rate surprises and short-term forward guidance. The measure is scaled so that a one-unit change in the first principal component corresponds to a one-percentage-point change in the ED4 rate, a one-year interest rate. We follow the approach of Bauer and Swanson (2023) to orthogonalize the raw measure to the information available before FOMC announcements. In particular, the orthogonalized monetary policy surprise measure is the residuals from regressing the raw monetary policy surprises on the six macro and financial variables listed in Table 1 of Bauer and Swanson (2023). We do not use the post-COVID sample because the Bauer-Swanson orthogonalized shock series is not available for 2020.

Table 3: Daily Stock Return Responses to Monetary Shocks

	Indicator Measure				Frequency Measure			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MP_e	2.360***	2.297***	2.196***		2.299***	2.241***	2.136***	
	(0.059)	(0.065)	(0.065)		(0.058)	(0.063)	(0.064)	
$MP_e \times \mathbb{1}_{i,t}^{mpu}$	-0.907***	-1.184***	-1.279***	-0.966***				
	(0.194)	(0.229)	(0.230)	(0.215)				
$\mathbb{1}_{i,t}^{mpu}$	0.085***	0.043	0.116***	0.032				
	(0.024)	(0.030)	(0.035)	(0.033)				
$MP_e \times \mathbb{F}_{i,t}^{mpu}$					-0.079*	-0.161***	-0.173***	-0.165***
					(0.042)	(0.054)	(0.054)	(0.050)
$\mathbb{F}_{i,t}^{mpu}$					0.007	-0.005	0.016*	0.004
					(0.005)	(0.007)	(0.009)	(0.008)
Controls	N	Y	Y	Y	N	Y	Y	Y
Firm FE	N	N	Y	Y	N	N	Y	Y
Event FE	N	N	N	Y	N	N	N	Y
N	259015	222872	222872	222872	259015	222872	222872	222872

Notes: This table presents the estimation results under the empirical specification in Eq. (3), where $MPU_{i,t-1}$ denotes the firm-level MPU measure, lagged by one quarter. The key independent variable is the interaction between the firm-level MPU measure and the monetary policy shocks. In addition, the regression includes the same set of firm-level controls as in regression (1). The regression also includes firm and event fixed effects in some specifications. Robust standard errors are in parentheses. * p<.1, ** p<0.05, *** p<0.01.

ing utility and financial firms (Appendix Table A.1) and using alternative measures of monetary policy uncertainty (Appendix Tables A.2 and A.3).

We further test whether the effects of monetary policy easing and tightening on firms that discussed monetary policy uncertainty are asymmetric. In other words, Table 3 shows that firms that discussed monetary policy uncertainty benefit less from an unexpected easing; would these firms then hurt less from an unexpected tightening? To examine this possibility, we estimate:

$$\begin{aligned} R_{j,e} = \beta_0 + \beta_1^+ MP_e^+ + \beta_2^+ MP_e^+ \times MPU_{j,t-1} + \beta_1^- MP_e^- + \beta_2^- MP_e^- \times MPU_{j,t-1} \\ + \beta_3 MPU_{j,t-1} + \beta_4 Z_{j,t-1} + \gamma_j + \gamma_e + \epsilon_{je}, \end{aligned} \tag{4}$$

where $R_{j,e}$ denotes the daily stock return of firm j in the event date e, MP_e^+ denotes expansionary monetary policy shocks ($MP_e^+ = MP_e$ when MP_e is positive) and equals 0 otherwise, MP_e^- denotes contractionary shocks ($MP_e^- = -MP_e$ when MP_e is negative) and 0 otherwise. The remaining variables are the same as in regression specification (3).

Table 4 shows the potential asymmetric effects of monetary shocks on stock returns. First, for

Table 4: Asymmetric Stock Return Response to Monetary Shocks

	Allowing for Asymmetric Effects of Monetary Shocks (MP_e^+ Stands for Easing)							
	Indicator Measure				Frequency Measure			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MP_e^+	1.514***	2.179***	2.034***		1.420***	2.090***	1.943***	
	(0.123)	(0.128)	(0.129)		(0.120)	(0.126)	(0.126)	
MP_e^-	-3.137***	-2.387***	-2.320***		-3.103***	-2.356***	-2.284***	
	(0.101)	(0.106)	(0.107)		(0.098)	(0.104)	(0.105)	
$MP_e^+ \times \mathbb{1}_{i,t}^{mpu}$	-1.061***	-1.391***	-1.453***	-0.881**				
	(0.392)	(0.445)	(0.447)	(0.417)				
$MP_e^- \times \mathbb{1}_{i,t}^{mpu}$	0.803**	1.017***	1.137***	1.033***				
	(0.328)	(0.377)	(0.380)	(0.354)				
$MP_e^+ \times \mathbb{F}_{i,t}^{mpu}$					-0.035	-0.120	-0.126	-0.146
					(0.093)	(0.116)	(0.116)	(0.108)
$MP_e^- \times \mathbb{F}_{i,t}^{mpu}$					0.119*	0.188**	0.206**	0.178**
					(0.069)	(0.086)	(0.087)	(0.081)
Controls	N	Y	Y	Y	N	Y	Y	Y
Firm FE	N	N	Y	Y	N	N	Y	Y
Event FE	N	N	N	Y	N	N	N	Y
N	282124	222872	222872	222872	282124	222872	222872	222872

Notes: This table presents the estimation results under the empirical specification in Eq. (3), where $MPU_{i,t-1}$ denotes the firm-level MPU measure, lagged by one quarter. The key independent variable is the interaction between the firm-level MPU measure and the monetary policy shocks. In addition, the regression includes the same set of firm-level controls as in regression (1). The regression also includes firm and event fixed effects in some specifications. Robust standard errors are in parentheses. * p<.1, ** p<0.05, *** p<0.01.

an average firm, monetary expansion increases its stock returns, whereas monetary tightening reduces them. Second, for firms with a positive MPU indicator (Columns 1 to 4), the effects of monetary shocks on stock returns are quite symmetric on easing and tightening. Firms that discussed monetary policy uncertainty before the FOMC meetings are about 1 percentage point less sensitive to both expansionary and contractionary monetary policy shocks. Third, for firms with highly intensive MPU frequency measure (Columns 5 to 8), the effects of monetary shocks on stock returns are quite asymmetric on easing and tightening. Discussing monetary policy uncertainty mitigates the decline in stock returns from unexpected monetary tightening but does not significantly reduce the increase in stock returns from unexpected monetary stimulus.

These results show that communicating monetary policy uncertainty and potentially corporate decisions that address such uncertainty to investors helps firms reduce investors' concerns about monetary policy, especially for contractionary monetary policy shocks.

4 Conclusions

In this paper, we document that firms *do* care about monetary policy uncertainty. We use earnings calls to measure firm-level monetary policy uncertainty when firms jointly discuss monetary policy and uncertainty/risk during conference calls. We find that firms care about monetary policy uncertainty across relevant time horizons and industries. We also provide causal evidence that, with higher monetary policy uncertainty, the response of firms' stock returns to monetary shocks is smaller on the day of the FOMC announcement, especially during monetary policy tightenings. These results show that communicating monetary policy uncertainty and potentially corporate decisions that address such uncertainty to investors helps alleviate investor concerns about monetary policy, particularly during contractionary monetary policy shocks.

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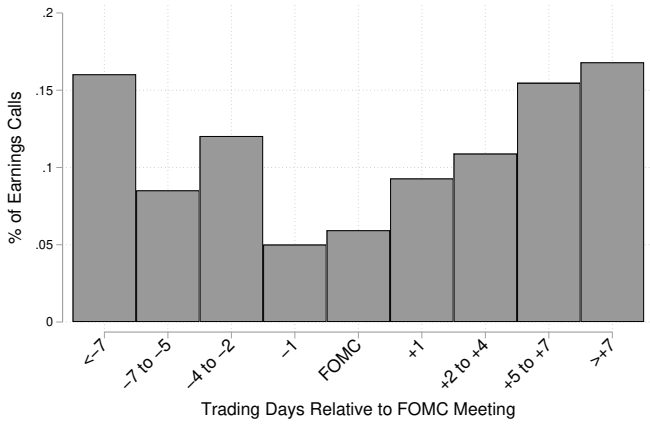
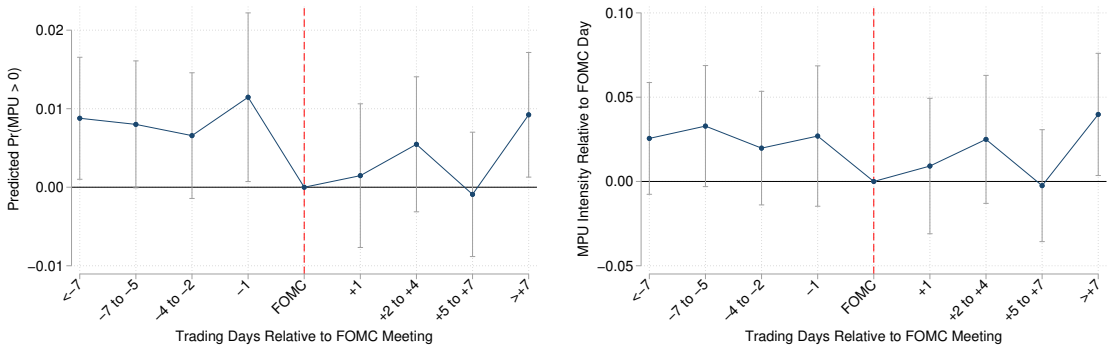
Appendix

Figure A.1: Distribution of Earnings Calls, Relative to FOMC Meeting



Notes: This figure plots the proportion of earnings calls in the sample by their proximity to the nearest FOMC meeting day.

Figure A.2: Predicted Probability of MPU by FOMC Proximity
Excluding Utility and Financial Firms

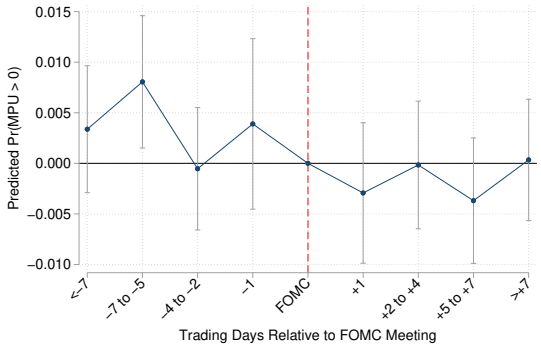


(a) Indicator Measure

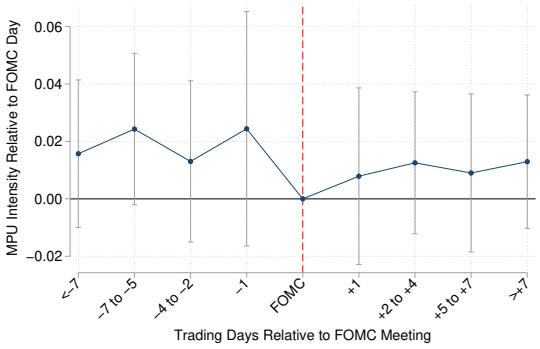
(b) Frequency Measure

Notes: Panel (a) plots the marginal effect (relative to an FOMC meeting day) of $DAYS_t$ by estimating the following logistic regression: $\Pr\left(\mathbb{1}_{i,t}^{mpu} = 1\right) = \Lambda\left(\alpha_0 + \sum_c \beta_c \mathbb{1}\{DAYS_t = c\} + \Gamma_z Z_{i,t}\right)$, where $\mathbb{1}_{i,t}^{mpu} = 1$ is our firm-quarter-level MPU indicator, $\Lambda(\cdot) = \frac{e^{\cdot}}{(1+e^{\cdot})}$ is the logistic CDF, α_0 is the intercept, $DAYS_t$ are the c categories denoting the number of trading days to the closest FOMC meeting and $Z_{i,t}$ are firm-level controls, including sector and S&P 500 membership, as well as an indicator for the day of the week. Panel (b) estimates an OLS regression containing the same set of variables, except we replace the outcome measure with our continuous frequency measure $\mathbb{F}_{i,t}^{mpu}$. Standard errors are two-way clustered at the firm and date levels in both panels. The confidence interval is 90%.

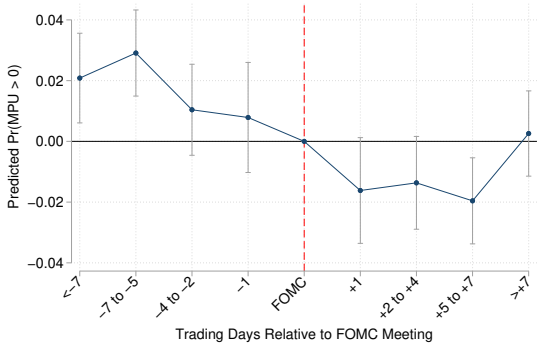
Figure A.3: Predicted Probability of MPU by FOMC Proximity
Alternative MPU Measures



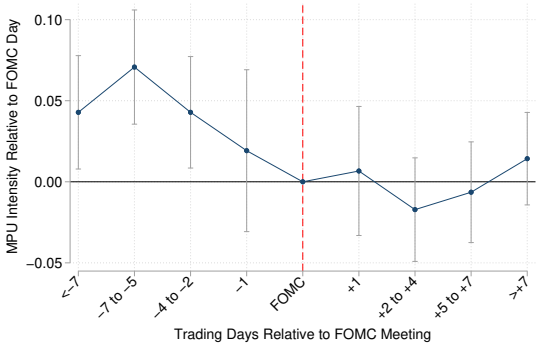
(a) Strictest MPU: Indicator Measure



(b) Strictest MPU: Frequency Measure



(c) Relaxed MPU: Indicator Measure



(d) Relaxed MPU: Frequency Measure

Notes: Panel (a) plots the marginal effect (relative to an FOMC meeting day) of $DAYS_t$ by estimating the following logistic regression: $\Pr\left(\mathbb{1}_{i,t}^{mpu} = 1\right) = \Lambda\left(\alpha_0 + \sum_c \beta_c \mathbb{1}\{DAYS_t = c\} + \Gamma_z Z_{i,t}\right)$, where $\mathbb{1}_{i,t}^{mpu} = 1$ is our firm-quarter-level MPU indicator, $\Lambda(\cdot) = \frac{e^{\cdot}}{(1+e^{\cdot})}$ is the logistic CDF, α_0 is the intercept, $DAYS_t$ are the c categories denoting the number of trading days to the closest FOMC meeting and $Z_{i,t}$ are firm-level controls, including sector and S&P 500 membership, as well as an indicator for the day of the week. Panel (b) estimates an OLS regression containing the same set of variables, except we replace the outcome measure with our continuous frequency measure $\mathbb{F}_{i,t}^{mpu}$. Standard errors are two-way clustered at the firm and date levels in both panels. The confidence interval is 90%.

Table A.1: Daily Stock Return Responses to Monetary Shocks
Excluding Utility and Financial Firms

	Indicator Measure				Frequency Measure			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MP_e	2.425***	2.404***	2.308***		2.415***	2.392***	2.294***	
	(0.071)	(0.073)	(0.074)		(0.070)	(0.073)	(0.074)	
$MP_e \times \mathbb{1}_{i,t}^{mpu}$	-0.921***	-1.192***	-1.193***	-0.514				
	(0.349)	(0.363)	(0.365)	(0.344)				
$\mathbb{1}_{i,t}^{mpu}$	0.189***	0.162***	0.163***	0.044				
	(0.044)	(0.046)	(0.051)	(0.048)				
$MP_e \times \mathbb{F}_{i,t}^{mpu}$					-0.328**	-0.440***	-0.425***	-0.263*
					(0.155)	(0.160)	(0.162)	(0.152)
$\mathbb{F}_{i,t}^{mpu}$					0.082***	0.063***	0.061***	0.016
					(0.019)	(0.020)	(0.023)	(0.021)
Controls	N	Y	Y	Y	N	Y	Y	Y
Firm FE	N	N	Y	Y	N	N	Y	Y
Event FE	N	N	N	Y	N	N	N	Y
N	196085	184831	184831	184831	196085	184831	184831	184831

Notes: This table presents the estimation results under the empirical specification in Eq. (3), where $MPU_{i,t-1}$ denotes the firm-level MPU measure, lagged by one quarter. The key independent variable is the interaction between the firm-level MPU measure and the monetary policy shocks. In addition, the regression includes the same set of firm-level controls as in regression (1). The regression also includes firm and event fixed effects in some specifications. Robust standard errors are in parentheses. * p<.1, ** p<0.05, *** p<0.01.

Table A.2: Daily Stock Return Responses to Monetary Shocks

Alternative MPU Measure: Strictest

	Indicator Measure				Frequency Measure			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MP_e	2.311***	2.242***	2.137***		2.296***	2.227***	2.121***	
	(0.058)	(0.063)	(0.064)		(0.057)	(0.063)	(0.063)	
$MP_e \times \mathbb{1}_{i,t}^{mpu}$	-0.943***	-1.269***	-1.375***	-1.284***				
	(0.295)	(0.358)	(0.361)	(0.336)				
$\mathbb{1}_{i,t}^{mpu}$	0.068*	0.006	0.090*	0.028				
	(0.036)	(0.045)	(0.052)	(0.049)				
$MP_e \times \mathbb{F}_{i,t}^{mpu}$					-0.244**	-0.366***	-0.394***	-0.375***
					(0.110)	(0.137)	(0.138)	(0.128)
$\mathbb{F}_{i,t}^{mpu}$					0.006	-0.019	0.013	-0.003
					(0.013)	(0.017)	(0.020)	(0.019)
Controls	N	Y	Y	Y	N	Y	Y	Y
Firm FE	N	N	Y	Y	N	N	Y	Y
Event FE	N	N	N	Y	N	N	N	Y
N	259015	222872	222872	222872	259015	222872	222872	222872

Notes: This table presents the estimation results under the empirical specification in Eq. (3), where $MPU_{i,t-1}$ denotes the firm-level MPU measure, lagged by one quarter. The key independent variable is the interaction between the firm-level MPU measure and the monetary policy shocks. In addition, the regression includes the same set of firm-level controls as in regression (1). The regression also includes firm and event fixed effects in some specifications. Robust standard errors are in parentheses. * p<.1, ** p<0.05, *** p<0.01.

Table A.3: Daily Stock Return Responses to Monetary Shocks

Alternative MPU Measure: Most Relaxed

	Indicator Measure				Frequency Measure			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MP_e	2.428***	2.361***	2.267***	27.759***	2.325***	2.275***	2.176***	
	(0.063)	(0.068)	(0.069)	(0.714)	(0.059)	(0.065)	(0.065)	
$MP_e \times \mathbb{1}_{i,t}^{mpu}$	-0.811***	-0.940***	-1.027***	-0.821***				
	(0.145)	(0.166)	(0.167)	(0.156)				
$\mathbb{1}_{i,t}^{mpu}$	0.038**	0.005	0.066**	0.001				
	(0.018)	(0.022)	(0.026)	(0.024)				
$MP_e \times \mathbb{F}_{i,t}^{mpu}$					-0.070***	-0.125***	-0.140***	-0.146***
					(0.024)	(0.031)	(0.031)	(0.029)
$\mathbb{F}_{i,t}^{mpu}$					0.001	-0.009**	0.008	-0.002
					(0.003)	(0.004)	(0.006)	(0.005)
Controls	N	Y	Y	Y	N	Y	Y	Y
Firm FE	N	N	Y	Y	N	N	Y	Y
Event FE	N	N	N	Y	N	N	N	Y
N	259015	222872	222872	222872	259015	222872	222872	222872

Notes: This table presents the estimation results under the empirical specification in Eq. (3), where $MPU_{i,t-1}$ denotes the firm-level MPU measure, lagged by one quarter. The key independent variable is the interaction between the firm-level MPU measure and the monetary policy shocks. In addition, the regression includes the same set of firm-level controls as in regression (1). The regression also includes firm and event fixed effects in some specifications. Robust standard errors are in parentheses. * p<.1, ** p<0.05, *** p<0.01.