Discussion of “Can ChatGPT Decipher Fedspeak”

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Disclosures / Disclaimers

• Was already familiar with paper / authors

• The views expressed are mine alone and do not necessarily reflect the views of these or other coauthors or any of the institutions with which I am affiliated
Background

• Development of LLMs has transformed textual analysis

• Introduction of ChatGPT has revolutionized the field
  – Lower barrier to entry
  – Significant buzz/attention/consternation
This paper

• Creatively uses ChatGPT to identify and interpret language used in Fed speeches
• Classification task: monetary policy stance
• Compares a variety of models
• Demonstrates use in identifying macro shocks; compares to Romer and Romer (1989, 2023)
• Great job documenting prompts and use of ChatGPT for this task
Romer & Romer (AER, 2023)

• “Features of Good Narrative Analysis
  – A reliable narrative source
  – A clear idea of what one is looking for in the source
  – Approach source dispassionately and consistently
  – Document narrative evidence carefully”
Models compared

• Manually labelled benchmark ("the Bryson model")
• LLMs: GPT-3 and BERT
• Dictionary-based methods: LM, Henry, NRC
• Classification task: Hawkish, Mostly Hawkish, Neutral, Dovish, Mostly Dovish
• Sentence-level analysis; uniform draw of 500 of these
Questions / comments

• Zero-shot and fine-tuning for both GPT-3 and BERT?
• How are “correct” predictions defined?
• Humans have a tendency to say “neutral” when unsure
  – LLM has tendency to overclassify?
  – Incorporate tendency in training?
Comparison to Romer & Romer

• Slightly different corpora, focus only on contractionary shocks
• Are the Romer & Romer papers in the GPT training corpus?
• Robustness with respect to prompt?
• Order of document processing?
Summary and future ideas

• Automate interpretation, leading to reduction in investor disagreement / more accurate predictions
  – Is reduction in investor disagreement desirable?
  – Clarity of message but still heterogeneity of reaction to message
  – Does better understanding $\Leftrightarrow$ better prediction?
• How does stance relate to vote/decision?
• Time dimension
• Great paper – lots of interesting applications / possibilities