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Media coverage of South Africa reserve bank monetary policy commitee work: a case study of CNBC Africa 2014-2017

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ABSTRACT

This thesis examines how the media, particularly CNBC Africa covers the work of the South African Reserve Bank (SARB). The thesis takes a two-pronged approach to explore this with one arm inspecting the sociological and psychological aspects of engaging guests in the CNBC Africa Monetary Policy Committee (MPC) panel discussions and the other, looking at what CNBC Africa holds salient when covering the MPC panel discussions. By examining MPC panel discussion data from 2014 to 2017, the thesis contrasts both quantitative and qualitative methods to arrive at a quantitative dataset that shows what CNBC Africa holds salient during their coverage posing questions on whether this aligns with the SARB mandate. On the other hand, the thesis explores the sociological and psychological aspects of news and debate production, particularly how MPC panelists for the special broadcast are selected. The thesis aims to contribute to the scarce literature on monetary policy communication and media engagement as the adoption of inflation targeting has fast-fostered transparency in central banks in the past three decades. The thesis applies theories of Agenda Setting by McCombs and Shaw (1972) to examine the salient aspects of the CNBC Africa MPC panel discussion. In addition, it explores Tversky and Kahneman's (1992) revolutionary work on dual process theory to inspect the psychological aspects of inviting panelists. The thesis finds that during the CNBC Africa MPC discussion, 'interest rates' as a key word in context dominates the conversation over and above any other topic and a closer examination of the data reveals a strong frequency of interest rates in a 'global context' further asserting South Africa's exposure to global headwinds and external shocks. Furthermore, this shows a deviation between SARB's mandate and CNBC Africa's MPC panel discussions in regards to salience. This is because SARB pushes to achieve and maintain price stability in the interest of balanced and sustainable economic growth in South Africa through achieving price stability by setting an inflation target that serves as a yardstick against which price stability is measured. With this mandate, price stability and, therefore, inflation are the core focus of the SARB with interest rates being a mere tool to achieve price stability. The deviation of CNBC Africa's and SARB's frames is further illustrated in the data as 'interest rates' dominate the conversation during the CNBC Africa MPC panel discussion at the expense of 'inflation.'

The thesis submits that in order to merge the SARB's and CNBC Africa's frames, the latter need cover the MPC announcement in a three-pronged approach that encloses SARB's economic

outlook with emphasis on the forward-looking stance, path of future policy rates and cover policy decisions in their entirety.

Key words: *Monetary policy, South Africa Reserve Bank, Central Bank communication, Media and Monetary policy, Central Bank rate, Repo rate, Agenda setting, Framing, Salience, Slow and fast thinking, Sociology of the news, Inflation, Inflation targeting, Interest rates.*