The Determinants and Consequences of U.S. Firms' Differences in Post-Pandemic Inflation Expectations

Shema F. Mitali*

First draft: June 27, 2025

This draft: March 16, 2026

Abstract

This study introduces a novel measure of coarse inflation expectations among U.S. firms in the post-COVID period, using large language models to classify expectations as transitory or persistent during the high-inflation period. The measure correlates strongly with existing inflation indicators, such as the Consumer Price Index and Cleveland Fed estimates. We investigate the drivers of heterogeneity in these expectations, including sector, CEO age, geographic location, and labor market tightness. Our findings reveal that firms with older CEOs, who experienced the high-inflation episode of the 1970s, and those located in regions with tight labor markets were less likely to expect inflation to be transitory. Furthermore, firms expecting transitory inflation significantly reduced short-term borrowing and inventories, whereas firms with persistent inflation expectations increased capital expenditures. These results highlight the economic implications of heterogeneous expectations and introduce a novel method for measuring disaggregated, coarse inflation expectations.

Keywords: Inflation Expectations; Earnings Calls; Regional Labor Market; Phillips curve; Debt maturity; Capital expenditures; Inventories.
JEL codes: D84; E22; E31; G32; R23

*SKEMA Business School–Université Côte d'Azur. Correspondence: shema.mitali@skema.edu.
I thank Andreas Fuster, Simone Lenzu, and Vojislav Maksimovic for feedback.

1 Introduction

Few macroeconomic events have shifted expectations and challenged policymakers like the post-pandemic inflation surge, unprecedented since the early 1980s. The post-COVID price surge raised questions about (de-)anchoring of inflation expectations and revealed wide heterogeneity across agents (Beechey, Johannsen, and Levin 2011; Coibion, Gorodnichenko, and Weber 2022; Carvalho, Eusepi, Moench, and Preston 2023). Figure 1 shows that dispersion in the Survey of Professional Forecasters widened, with differences in one-quarter-ahead CPI forecasts increasing rapidly from 2021. Survey and experimental work documents heterogeneous updating and conditions under which long-run beliefs can drift or re-anchor (Armantier, Sbordone, Topa, Van der Klaauw, and Williams 2022). News-based measures of inflation uncertainty also show spikes in the post-pandemic period (Hillenbrand, Acharya, Venkateswaran, and Underwood 2025). Understanding what drives this heterogeneity is important, as divergent beliefs shape wage bargains, monetary policy and, ultimately, the path of inflation itself.

Policymakers want to manage and monitor expectations closely, but measuring these expectations is difficult. Survey-based expectations are often noisy and costly to collect, not available for all economic agents, and respondents are not always appropriately incentivized (Drobot, Puzzello, Rholes, and Wabitsch 2024). Using text data offers an alternative to surveys. Gormsen and Huber (2025) use conferences calls to extract firms' discount rates and Bybee (2023) shows that large language models (LLMs) can recover economic beliefs that closely match survey responses. Additionally, most existing work focuses on the expected level of inflation. Yet, theory suggests that people engage in coarse thinking, i.e., grouping situations into categories (Mullainathan, Schwartzstein, and Shleifer 2008; Graeber, Roth, and Sammon 2025). Focusing on the perceived persistence of inflation can be more efficient and practical

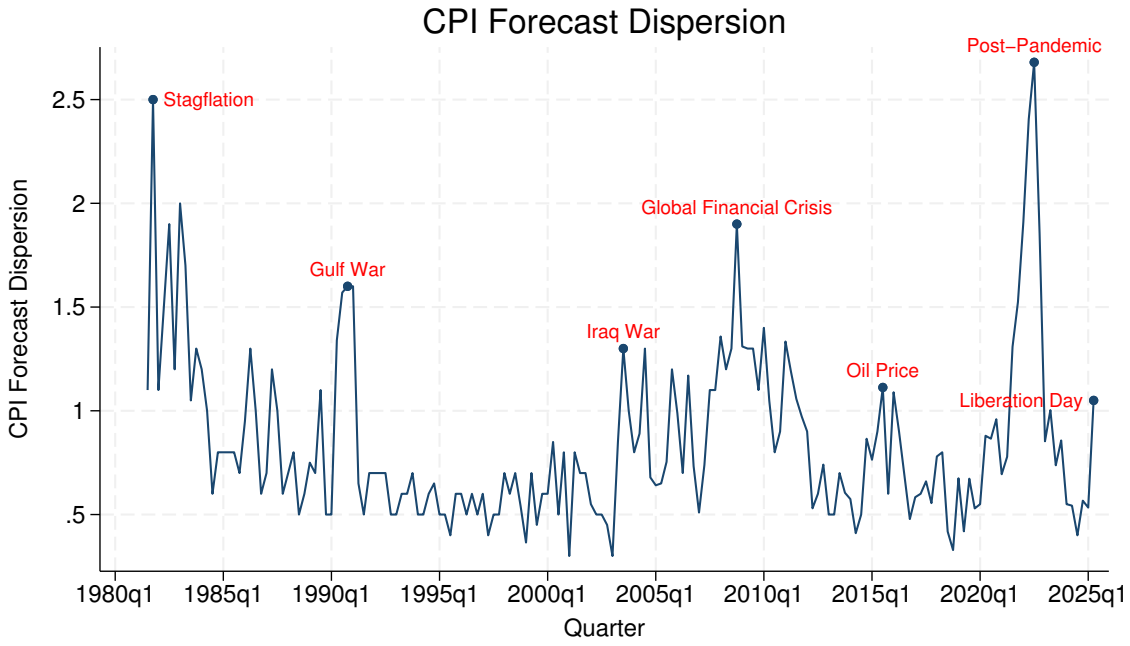


Figure 1. This figure shows the evolution of dispersion in quarterly forecasts of CPI (the difference between the 75th percentile and the 25th percentile of the projections in levels) from the Survey of Professional Forecasters from the Philadelphia Fed.

for policymakers in understanding anchoring of expectations.

The post-COVID inflation debate was framed categorically, with economists aligning themselves with either "team transitory" or "team persistent".[1] These two narratives dominated op-eds and monetary policy briefings,[2] A growing literature highlights the importance of narratives, notably regarding macroeconomic news, in shaping beliefs and influencing behavior (e.g., Flynn and Sastry 2022; Andre, Haaland, Roth, Wiederholt, and Wohlfart 2024; Eliaz and Spiegler 2024; Heddaya, Tan, Voigt, Zeng, and Zentefis 2025). This makes the transitory vs. persistent distinction natural categories through which to study inflation expectations in this period.

[1]Federal Reserve Chair Jerome Powell: "Transitory is a word that people have had different understandings of. For some, it carries a sense of "short-lived," and that there's a real-time component, measured in months.". Powell to US lawmakers: "it s probably a good time to retire that word (transitory) and try to explain more clearly what we mean"

[2]"The case for 'team transitory' lives on." (2023, June 1). Financial Times. `https://www.ft.com/content/8009bc16-68a5-4d2b-bdfe-31c5b99ea0b8`

This paper uses LLMs to explore the heterogeneity of post-COVID inflation expectations. We use U.S. firms' quarterly earnings calls Q&A from 2021 to 2023 and GPT-4o to extract inflation expectations as categories: transitory, persistent, or unsure. We also extract inflation expectations categories using an alternative models such as the latest GPT-5, or models from Mistral AI and Meta (Llama 3.2) and all classifications are generated with a sampling temperature close to zero.[3] We obtain quarterly firm-level observations of categorical inflation expectations, which provides a novel approach to measure inflation expectations. We validate our new measure of firm-level inflation expectations against existing metrics, explore the determinants in the cross-section, and show how the two narratives lead firms to adopt different behavior.

To illustrate our method, consider the following example extracted from an earnings call:

> *"As we look ahead, (...), there are significantly less price increases taking place and that should lead to lower inflation, lower inflation should result in units bouncing back and exactly how and when that happens is anybody's guess, but we would expect inflation to moderate as the year goes on and units hopefully to improve slightly."* (United Natural Foods, Sandy Douglas, CEO, Q2 2023)

Our text-based measure would classify this statement as reflecting a transitory view of inflation, since the firm states that it anticipates a decline in inflationary pressures in the near future. Much of this forward-looking information is prompted directly by analysts asking about expectations, which motivates our focus on the Q&A section of corporate conference calls. For example, an analyst from Jefferies during the Walmart Q4 2022 asked:

[3] A small temperature reduces stochastic variation in outputs and ensures reproducibility of classifications.

> *"Can you maybe give us some sense of how much inflation you're observing in real time (...) and then what your expectations are for the quarters as the year progresses?"*

From such text, our approach is able to capture management's subjective expectations about the persistence or transitory nature of inflation.

Across the full 2021–23 sample, around 14% of calls fall into the team transitory, suggesting that the majority of firms, for which the model is able to classify inflation views, expected the post-COVID price surge to be persistent. In early 2021, roughly a quarter of the firms still expected inflation to slow down quickly, but that share declined as CPI peaked in mid-2022. Given the strong negative comovement between the transitory share and both realized CPI and the Cleveland Fed's SoFIE series, the figures point to a temporary de-anchoring of firms' inflation expectations in the post-COVID period, followed by a partial re-anchoring once prices stabilised. The heterogeneity documented by Gennaioli, Leva, Schoenle, and Shleifer (2024), who show that recent price spikes revealed de-anchoring of expectations, is thus visible among U.S. firms, which is consistent with Candia, Coibion, and Gorodnichenko (2024), as well as in household data.

What determines firms' inflation views? Results show that firms with tighter financial constraints were more inclined to expect inflation to be transitory, consistent with evidence that constrained firms treat higher expected inflation as a credit-cost shock (Ropele, Gorodnichenko, and Coibion 2022). CEO age also matters with those aged over 70 being less likely to join "team transitory", consistent with the experience-based updating documented by Malmendier and Nagel (2016). CEOs of that age were adults during the high-inflation episode of the 1970s, and this prior experience appears to have anchored their expectations toward the persistent view, influencing which narrative their firm aligns with and, in turn, its investment and borrowing

decisions. We explore this channel directly by constructing a CEO-level lifetime inflation experience measure following Malmendier and Nagel (2016) and Malmendier, Nagel, and Yan (2021). CEOs who have experienced higher inflation during their lifetime are significantly less likely to hold a transitory view of inflation. We also document that, while firms with initially persistent views rarely updated, transitory firms switched more often during the post-COVID sample period. Larger firms were more likely to change their inflation expectations, particularly from transitory to persistent.

Finally, local labor market conditions are significant determinants of firms' inflation expectations. A higher state-level vacancy-to-unemployment ratio lowers the probability that a firm views inflation as transitory. When vacancies outnumber unemployed workers, firms struggle to hire, cannot easily expand production to reduce prices, and therefore expect inflation to persist. These findings show the value of regional data (Hazell, Herreno, Nakamura, and Steinsson 2022), and highlight the relevance expectations in the Phillips curve framework (Coibion and Gorodnichenko 2015b). To address potential reverse causality, we use the staggered expiration of the FPUC pandemic unemployment supplement, as well as variations in COVID lockdowns as instruments for V/U. The instrumental variable approach show that our results are robust.

Beliefs, in turn, shape behaviour. Firms on team transitory cut short-term debt but made no changes to long-term borrowing. At a period when the yield curve was about to invert, transitory firms had subjective interest rates higher in the short run and therefore decrease their short-term borrowing. Firms on "team persistent" expected a flatter yield curve and thus didn't change their financing behavior. Firms on "team persistent" increased capital spending. Meanwhile, "team transitory" firms decreased inventories instead of restocking at what they viewed as temporarily high

prices. This is consistent with production-cost-smoothing behavior when firms face cost shocks (Eichenbaum 1989). In short, categorical expectations extracted from text not only reveal what firms anticipate but also help predict how they behave.

This study contributes to several strands of literature. Recent work that analyzes text to extract expectations mostly turn words into numbers rather than categories; an approach now used to study firms' investments or GDP forecasts (e.g., Jha, Qian, Weber, and Yang 2024a; Crane, Karra, and Soto 2025). Chava, Du, Shah, and Zeng (2022) extract firm-level exposure to inflation, rather than expectations, from earnings calls. Jha, Qian, Weber, and Yang (2024b) extracts, using generative AI, executives' expectations about other economic outcomes, such as GPT growth, production, and employment. Kalyani and Ozkan (2025) use earnings calls and word embeddings to measure firm-level marginal labor cost. This study, instead, extracts inflation expectations as categories: transitory vs. persistent. This approach is related to the psychology of "categorical thinking", where people sort states of the world into a few salient labels (Bordalo, Gennaioli, Lanzani, and Shleifer 2025). Our approach offers a new firm-level panel of inflation narratives.[4]

Recent regional studies show that prices jump when local labour markets are tight, not merely when unemployment is low (Mavroeidis, Plagborg-Møller, and Stock 2014; Smith, Timmermann, and Wright 2025).[5] Yet a gap remains when it comes to firm-level evidence on inflation expectations in the regional Phillips curve framework. This study fills this gap by showing that once the vacancy-to-unemployment ratio increases, firms expect inflation to persist, providing evidence on the relationship between local labor market tightness and inflation narratives. By anchoring the expectations-augmented Phillips curve in firm narratives, we show how regional labor conditions

[4]Earnings calls have also been used to extract firms' discount rates (Gormsen and Huber, 2025).

[5]A number of studies have recently explored the Phillips curve from a regional perspective (e.g., McLeay and Tenreyro 2020; Hazell et al. 2022; Cerrato and Gitti 2022, Autor, Dube, and McGrew 2023).

shape firms' expectations, which in turn matter for pricing and wage setting.

We also find that firms on the team transitory cut short-term debt. Firms that view the price surge as transitory anticipate that rates will decrease quickly, so they perceive short-term nominal borrowing costs as temporarily high and therefore cut short-term credit. By contrast, firms that expect inflation to be persistent expect policy rates to stay higher for longer, implying a flatter expected term structure and no change in borrowing decisions. These differences are relevant for the transmission of monetary policy (Ottonello and Winberry 2020). This paper also shows real effects on borrowing, investment, and inventory decisions, which illustrates how divergence in expectations can propagate a macroeconomic shock through corporate capital structure and production plans.

1.1 Related Literature

Economists have long studied how prices relate to unemployment. Using state-level price indexes, Hazell et al. (2022) show that the Phillips curve is almost flat even during the early-1980s disinflation. Part of the difficulty is that inflation expectations and labor market conditions tend to move together, so standard time-series tools cannot tease their effects apart. Mavroeidis et al. (2014) argue that aggregate data don't provide enough variation in order to study the New Keynesian Phillips curve. Our approach contributes to this issue. By looking across firms, we can separate firms' beliefs from local labor market conditions and examine their relationship. Our findings also speak to new work on inflation-labor market tightness relationship. Benigno and Eggertsson (2023) propose a "slanted-L" Phillips curve in which inflation is flat until the labor market becomes tight, after which the slope steepens. Similarly, we find that once local vacancies outnumber job seekers in a region, firms located in that region are more likely to expect the price surge to be persistent.

A large literature studies when inflation expectations deanchor. Foundational models of imperfect information and inattentiveness imply that shocks can have outsized and persistent effects on beliefs, raising the risk of de-anchoring when information is sticky or selectively processed (Mankiw and Reis 2002; Sims 2003). Survey and behavioral evidence shows that agents' experience and diagnostic/overreaction channels can tilt updating so that recent inflation surprises move medium- and long-run beliefs (Malmendier and Nagel 2016; D'Acunto, Malmendier, Ospina, and Weber 2021; Malmendier and Wellsjo 2024). We find direct evidence of this channel. CEOs who were adults during the high-inflation episode of the 1970s were substantially more likely to expect the post-COVID price surge to be persistent. Complementing these mechanisms, aggregate evidence documents information rigidity in expectations formation, providing a microfoundation for why long-horizon beliefs sometimes co-move with near-term shocks (Coibion and Gorodnichenko 2015a). More generally, dispersed information frameworks clarify how limited common knowledge and higher-order beliefs shape the transmission of news to expectations (Angeletos, Huo, and Sastry 2021; Angeletos and Huo 2021).

Measures of inflation expectations for firms are limited. In Italy, Ropele et al. (2022) show that higher expected inflation leads firms to raise prices and reduce short-term credit. We provide similar patterns for U.S. companies and present novel evidence on inventories and investments. From a survey, Candia et al. (2024) show that firms' inflation expectations differ significantly from households' and professional forecasters' expectations. D'Acunto, Malmendier, and Weber (2023) review the evidence on how inflation expectations are formed and what shapes their heterogeneity across agents.

Our approach belongs to the fast-growing economics and finance literature using recent natural language processing and large language models. In a related paper, Albrizio, Dizioli, and Simon (2023) use natural language processing to build an index

of firms' inflation expectations but aggregated at the country level and show how it future inflation. Recent work extracts geopolitical risk shocks (Clayton, Coppola, Maggiori, and Schreger 2025), attention to macroeconomic news (Song and Stern 2024), housing regulation (Bartik, Gupta, and Milo (2024)), or economic expectations (Bybee (2023)) directly from text.[6] We extend this approach to categorical inflation expectations and show that the resulting measure tracks widely used survey-based measures of inflation expectations.

Finally, studying expectations in the post-COVID period shows how beliefs interact with uncertainty. Bloom (2009) shows that spikes in macro uncertainty influence firms' decisions. We provide additional evidence at the micro level where firms on the "transitory team" cut inventories.

2 Data

This section details the construction of the quarterly panel we use to study the determinants and consequences of firm-level inflation expectations. We combine four main sources: (i) textual information from earnings calls transcripts from Capital IQ, (ii) firm fundamentals from Compustat and stock returns from CRSP, (iii) executive demographics from Execucomp, and (iv) regional labor market indicators from the Bureau of Labor Statistics (BLS).

2.1 Earnings calls transcripts and inflation-view measures

We obtain earnings calls transcripts for U.S. publicly listed firms from Capital IQ. We retain only the Q&A section, tokenise the text into sentences, and flag those mentioning inflation. Transcripts remaining after this filter are fed to OpenAI's `gpt-4o` model, using zero sampling temperature, which assigns one of three mutually exclu-

[6] See Eisfeldt and Schubert (2024) for a review on the use of generative AI in finance.

sive labels ()*transitory*, *persistent*, or *unsure*). The prompt instructs the model to act as a finance expert and to base its assessment solely on the words in the excerpt, without drawing on external knowledge of inflation outcomes.[7] For instance, the prompt asks: *"Does the firm believe inflation is transitory (or temporary) or persistent? Please select one of the three choices [Transitory, Persistent, Unsure] and provide a one-sentence explanation."* To illustrate, a Coca-Cola executive stating in a February 2023 earnings call that *"we expect inflation to moderate throughout 2023"* is labelled *transitory*. For each excerpt, the model returns one of the three labels together with a one-sentence explanation of its choice, which we use to audit the classifications manually. Full details of the prompt are provided in the Appendix. Table 1 presents examples from earnings calls with the label provided by the LLM and the explanation provided for each label.

At the firm-quarter level we construct the following variables. *Transitory* equals one if the answers are categorized as such by the large language model; *persistent* equals one if the answers are categorized as such by the large language model; and *unsure* serves as the omitted base group. Finally, *mentions_inflation* equals one whenever the call contains at least one inflation-related sentence. Not all corporate conference calls discuss inflation. Many firms, particularly in periods of low or stable prices, might not raise the topic at all. As a result, inflation views can only be extracted for the subset of firms that explicitly address inflation during their call, or are asked about inflation. We construct *mentions_inflation* to study the characteristics that make a firm discuss inflation in the first place.

Ludwig, Mullainathan, and Rambachan (2025) distinguish between prediction and estimation uses of LLMs. Leakage concerns are most acute in prediction settings, where the LLM output is itself the outcome of interest. Our application is an es-

[7] As a robustness check, we also run a version of the prompt with an explicit knowledge cutoff of December 31, 2019, so that the model cannot use hindsight about how the post-COVID inflation episode ultimately resolved. Results are similar.

timation problem; we use the LLM to measure a latent concept (inflation beliefs) that serves as a regressor in downstream analysis. Consistent with this, Asirvatham, Mokski, and Shleifer (2026) show that GPT performs comparably to human coders across a wide range of social science measurement tasks, providing further support for the use of LLMs as reliable measurement instruments. We nonetheless address this possible concern in two ways. First, following Hassan, Hollander, van Lent, and Tahoun (2019), we construct an alternative measure using a bag-of-words approach, counting occurrences of terms associated with transitory versus persistent inflation in each transcript, and show that it yields similar patterns. Second, we also re-run the classification with a prompt that imposes an explicit knowledge cutoff of December 2019, preventing the model from using hindsight about how the post-COVID inflation episode resolved. Results are robust to both alternatives.

2.2 Firm fundamentals

We collect firm characteristics from Compustat North America Fundamentals Quarterly. We focus on the following quarterly firm characteristics. Size is the natural logarithm of total assets (`at`). Leverage is defined as long-term debt plus debt in current liabilities (`dlttq`+`dlcq`) divided by total assets. Liquidity is cash and short-term investments (`che`) over assets. Investment is capital expenditures (`capx`). Foreign sales share equals sales reported in foreign segments (`slsfor` from the Geographic Segment file) divided by total firm sales (`sale`). Financial constraints are captured by the Kaplan and Zingales (1997) index.

2.3 Other Data

We collect CEO data from Execucomp. We identify the chief executive with the CEOANN flag and compute age as fiscal year-end minus date of birth. Age is binned into four groups: younger than 40, 40–60, 60–70, and older than 70. We also proxy for

the political orientation of the CEO (e.g., Christensen, Dhaliwal, Boivie, and Graffin (2015); Graffin, Hubbard, Christensen, and Lee (2020)). Political orientation is the firm's continuous ideology score from federal PAC contributions and matched to firms via Central Index Key (CIK); the annual score is normalised to mean zero, and higher values denote more conservative leanings.

Labor market tightness at the state level is measured by the vacancy-to-unemployment ratio, V/U. Monthly vacancies (V) come from the Job Openings and Labor Turnover Survey (JOLTS) for each state, taking the last observation of the quarter. Unemployment (U) is the civilian unemployed series from the Local Area Unemployment Statistics (LAUS). Both series are seasonally adjusted. Firms are matched to states using Compustat headquarters ZIP codes.

We merge the data sources by GVKEY, fiscal quarter, and headquarters state. We obtain a panel of 36,672 firm-quarter observations from 2007Q1. For the analysis on Transitory/Persistent inflation views, we restrict the sample to 2021-2023 which contains 2,350 firms. Descriptive statistics (Table 2) show substantial heterogeneity in categorical inflation expectations measures. Summary statistics (Table 2) show that 31.4 % of calls mention inflation, and around 13.7% are characterised by a transitory view. Firms invest 0.7 % of assets per quarter and hold cash worth 21.3% of assets. Foreign sales account for 3.3% of revenue on average. The Kaplan-Zingales index averages 0.65. CEOs are 60.4 years old on average, and the continuous ideology score averages 0.20, suggesting a small Republican tilt among U.S. firms in that period.

3 Empirical Analysis

3.1 Validating Firm-Level Inflation Views

Figure 2-4 benchmarks our text-based firm views against inflation statistics and other survey-based inflation expectations. Figure 2 plots the quarterly share of calls that mention inflation alongside the CPI. The proportion of firms mentioning inflation is strongly related to inflation numbers, suggesting that more firms react to increases in inflation.

Figure 3 shows that the proportion of firms expecting transitory inflation fell during the 2022 spike and rose again when prices cooled in 2023 while the persistent share moved in opposite direction. It is important to note that the large language model is unable to determine the inflation expectations for about half of the earnings calls. This share of unsure beliefs rise when inflation was higher in 2021 while this share decreased in late 2023 when inflation numbers decreased. It is possible that firms use unclear language related to inflation when it rises. The figure also shows that the transitory share is negatively correlated with CPI ($\rho = -0.67$).

Figure 4 compares the transitory proportion with the Cleveland Fed's Survey of Firms' Inflation Expectations (SoFIE). The negative correlation is -0.43 and visible from the plot; the transitory share drops in 2021–22 when SoFIE expectations spike and reverses once expectations normalise. Given that our text-based measure correlates with survey-based firm expectations (Cleveland Fed SoFIE), which are confidential and less subject to public-relations incentives, suggests that the statements in earnings calls plausibly reflect underlying expectations rather than strategic messaging.[8]

[8] A potential concern is that managers' statements in earnings calls may reflect strategic communication rather than genuine beliefs. Firms whose profitability benefits from lower perceived inflation, for example, those seeking to reassure investors about cost pressures, may be more likely to emphasize a transitory narrative.

Overall, the figures confirm that our narrative labels (i) line up closely with the Cleveland Fed's firm-survey expectations, and (ii) a significant proportion of firms de-anchored their inflation expectations, in line with Gennaioli et al. (2024). These figures confirm that our text-derived indicators align with alternative inflation expectations measures, providing support for the empirical tests that follow.

3.2 The Determinants of Inflation Discussion and Expectations

3.2.1 Univariate analysis. Before turning to the multivariate analysis, we first document a set of unconditional patterns that motivate our subsequent regression analysis. Figures 5–9 plot the share of firms adopting an inflation-mention (Figure 5) and a transitory view (Figures 6–9) against sectoral and geographical segments as well as firm-level characteristics.

Figure 5 sorts firms by the 11 GICS sectors and shows that inflation discussion exhibits sectoral differences. Sectors such as materials or consumer staples are more likely to discuss inflation in corporate conference calls, whereas healthcare and information technology appear to discuss inflation less. Other than these sectors, Figure 5 shows little differences across sectors.

Figure 6 maps the transitory share across headquarter states, revealing geographic differences. Firms located in the Mid-West and other high-income states (NY, Florida) are more likely to view the post-COVID price surge as persistent, whereas states in the East South Central division (e.g., Alabama, Kentucky) but also a few New England states held the opposite view, with the exception of Mississippi. Because regional labor market tightness and supply-chain congestion differed across states during 2021-23, the geographic heterogeneity offers preliminary evidence that local conditions shape firms' inflation narratives. This idea is tested more formally in the

next sections through local labor market conditions as a possible determinants of firm-level categorical inflation expectations.

Figures 7–9 show differences along three firm-level dimensions that proxy, respectively, for global exposure, financing frictions, and management's political views. Figure 7 shows that firms with above-median foreign-sales shares are more inclined to be on "team transitory", but only in 2023. Figure 8 splits the sample at the median Kaplan–Zingales index and finds that financially constrained firms (high KZ) are more likely to expect transitory inflation. This is in line with how inflation expectations correlate with financing constraints and corporate borrowing decisions (e.g., Choi, Furceri, Loungani, and Shim 2022; Ropele et al. 2022; Albrizio et al. 2023; Baumann, Ferrando, Georgarakos, Gorodnichenko, and Reinelt 2024). Finally, Figure 9 documents a partisan divide where companies led by management teams donating predominantly to Democratic candidates are more likely to expect inflation to be transitory in 2021 as their Republican counterparts, while in 2023 Republicans were more likely to expect inflation to be transitory. One candidate explanation is that democrat CEOs believed monetary policy led by the Fed and fiscal policy from the Biden administration would be efficient in reversing the course of inflation.

3.2.2 Multivariate analysis. In a first set of multivariate tests, we investigate which firm characteristics are related to the likelihood of discussing inflation in corporate conference calls and subsequently, which characteristics at the firm and management level are related to the likelihood of expecting inflation to be transitory in the post-pandemic period.

To understand the firm-level determinants of inflation-related discussion and expectations during the post-pandemic inflationary episode, Table 3 presents linear probability models relating firm characteristics to (i) whether firms discussed inflation during earnings calls, and (ii) whether they view inflation as transitory. Column (1)

through (4) suggest that larger firms were significantly more likely to mention inflation. Firms with higher cash holdings were less likely to discuss inflation, potentially reflecting a buffer against immediate cost pressures. More specifically, a firm with a 1 percentage-point higher cash-to-assets ratio has a 0.2 percentage-point lower probability of mentioning inflation in its next earnings call. A 1 percentage-point higher quarterly stock return is linked to a 0.1 percentage-point lower probability of mentioning inflation. Finally, firms led by CEOs younger than 55 have a 5.2 percentage-point higher probability of discussing inflation. The results for the transitory view (columns 5–8) reveal that profitable firms with more cash holdings were less likely to expect transitory inflation. This is in line with firms with different credit constraints have different inflation expectations (Choi et al. 2022; Albrizio et al. 2023; Baumann et al. 2024). CEOs aged above 70 were significantly less likely to have a transitory view consistent with Malmendier and Nagel (2016) and the relevance of personal macroeconomic experiences. CEOs aged over 70 have a 6.5% lower likelihood of having transitory views. We explore this channel further in the next subsection.

3.3 The Role of CEO's Inflation Experiences

The finding that CEOs aged above 70 are significantly less likely to hold a transitory view points to the role of personal macroeconomic experience in shaping inflation expectations. CEOs in this age group were young adults during the high-inflation decade of the 1970s, a period that possibly left a lasting effect on those who experienced it firsthand. We explore this channel more formally by constructing a direct measure of each CEO's lifetime inflation experience, following the framework of Malmendier and Nagel (2016) and Malmendier et al. (2021).

The measure assigns more weight to inflation outcomes that occurred when the CEO was older, and less weight to experiences that are further in the past. Formally, for a CEO observed in quarter t, the experience measure is a weighted average of

past annual CPI inflation rates, where the weight on a past experience declines with distance in time:

$$\text{CEO Infl. Exp.}_{i,t} = \sum_{k=1}^{age_{i,t}-18} w(k,\lambda)\,\pi_{t-k}, \qquad w(k,\lambda) = \frac{k^{-\lambda}}{\sum_{j=1}^{age_{i,t}-18} j^{-\lambda}} \tag{1}$$

where π_{t-k} is the CPI inflation rate k years before year t, $age_{i,t}$ is CEO i's age in year t, and the sum runs from $k = 1$ (last year) back to the CEO's 18th birthday. The parameter λ controls the speed at which older experiences are discounted. A value of $\lambda = 0$ implies equal weighting of all past observations (lifetime average), while higher values place relatively more weight on recent inflation. Following Malmendier and Nagel (2016), we select the value of λ that minimizes the residual sum of squares of our main regression. Among the values we consider, $\lambda = 1.5$ provides the best fit and suggest that not only recent numbers of inflation matter but also inflation numbers experienced decades before. We report columns for $\lambda = 1.0$ and $\lambda = 2.0$ alongside the preferred estimate to document robustness across the range. We match CEOs to their firms using ExecuComp, which restricts the sample to firms covered by that database. The underlying inflation data are annual CPI inflation rates from the Federal Reserve Bank of St. Louis.

Table 4 presents the results. Each column corresponds to a different value of λ and reports a pooled panel regression of the transitory indicator on the CEO experience measure and the same set of firm controls as in Table 3, with industry-by-time and state fixed effects throughout. The coefficient on CEO inflation experience is negative and statistically significant across all three specifications. A CEO who lived through more elevated inflation on a weighted-average basis is less likely to characterize the post-pandemic price surge as transitory. Taking the estimate at $\lambda = 1.5$, a one-standard-deviation increase in the CEO experience measure is associated with a

reduction of approximately 4 percentage points in the probability of holding a transitory view. The results are consistent across values of λ, and the coefficient decreases in magnitude as λ rises, reflecting the fact that higher discounting places more weight on the recent low-inflation period before 2021 and less on the inflationary 1970s. The evidence supports the idea that personal inflation experience shapes how executives interpret new inflation shocks, in line with the experience-based learning framework of Malmendier and Nagel (2016).

3.4 Transitions Between Inflation Views

We document how firms change their inflation expectations inflation over time. Table 5 reports the transition matrix across the two possible narrative categories (transitory and persistent, excluding unsure ones). Each entry shows the fraction of firm-quarters in a given inflation view in quarter t that move to another category in quarter t+1.

The matrix shows that firms' inflation narratives are relatively stable when firms expectations to be persistent, with approximately 87% firms with persistent views keeping the same view from one quarter to the next, which is expected given the nature of the persistent view. Firms more often move from transitory to persistent views. This suggests that, during the 2021-2023 period, many firms switched views over time and moved from transitory to persistent views. We next examine the transition probabilities, conditional on firm characteristics as well as which firms are more likely to switch views, i.e., which firm characteristics predict such transitions.

Table 6 Panel A examines how firms' inflation views evolve across quarters. The dependent variable is an indicator for whether a firm expect inflation to be transitory in quarter $t + 1$, and the main independent variables are transitory and persistent indicators for quarter t for each firm, controlling for firm characteristics, using the same set of characteristics as in Table 3. The negative and significant coefficient on the

transitory dummy indicates that firms that previously viewed inflation as transitory are less likely to keep this view in the next quarter.

Panel B explores the determinants of firms' changes in inflation narratives between quarters. Column (1) considers any change in view, while columns (2) and (3) focus specifically on switches from persistent to transitory and transitory to persistent views, respectively. The results suggest that firms with higher profitability (EBITDA/Assets) and greater liquidity (Cash/Assets) are less likely to change views. Larger firms, by contrast, exhibit a higher likelihood of changing their view, mainly from transitory to persistent. Firms with lower leverage are more likely to switch from persistent to transitory.

While several papers argue that agents, such as firms, rarely update their expectations, the results from Table 6 suggest that firms do, and in different ways (Sims, 2003; Mankiw and Reis, 2002; Woodford, 2009). These differences suggests heterogeneity in information-processing capacity. Well-capitalized firms update beliefs more continuously, while smaller or more leveraged firms react differently. The evidence suggests that financial frictions and information rigidities play a role in how firms revise their views about inflation.

3.5 The Role of Regional Labor Market Conditions

Figure 6 showed substantial variation of firm-level inflation expectations across states. One explanation for these geographic differences is local labor market conditions and their link to prices, i.e., the regional Phillips curve. A growing body of evidence suggests that the slope, and even the shape, of the Phillips curve is tightly linked to regional labor market tightness. Hazell et al. (2022) use newly constructed state-level price indices and show that differences in unemployment rates across U.S. states map into different inflation responses. Benigno and Eggertsson (2023) argue that once the

vacancy-to-unemployment ratio (V/U) reaches one, the Phillips curve's slope breaks, so that marginal changes in tightness translate into disproportionately large inflation movements. These findings motivate our next step. We test whether firms headquartered in states with tighter labor markets are less likely to be on "team transitory", thereby linking the heterogeneity in Figure 6 directly to local V/U conditions.

Table 7 examines the empirical relationship between local labor market tightness and firms' inflation narratives. To do so, we regress the transitory dummy variable on V/U and firm characteristics as well as fixed effects. The specification includes industry and quarter in Columns (1) and (2), and state dummies with industry-by-quarter fixed effects for Columns (4) and (5). Given that V/U is at the state level, we cluster standard errors by state. In all specifications the coefficient on the state-level vacancy-to-unemployment ratio is negative; a one-point increase in V/U lowers the probability that a firm characterises the post-pandemic price surge as transitory by 1 to 3 percentage points (columns 1–5). The estimate rises in magnitude as we absorb industry-by-quarter and state fixed effects (columns 4–5), suggesting that the relationship is not driven by unobserved sectoral or other geographic heterogeneity. [9] This key result confirms the importance of regional labor market conditions in understanding inflation expectations.

3.5.1 Robustness checks. One potential concern is that using a firm's headquarters state to proxy for its exposure to local labor market tightness (V/U) may be problematic if the firm's operations are geographically dispersed, as is often the case for large multinationals. In such cases, the headquarters location may not accurately re-

[9] Panel A of Table A2 shows that the results hold when we consider alternative models to capture transitory views such as GPT-5 or open-source models, namely Mistral Large and Llama 3.2 (Columns (1) to (3)), and the results also hold when only keeping transitory and persistent views with GPT-4o (Column (4)), i.e., we exclude the "unsure" category from inflation views for the dependent variable. Column (5) uses a version of GPT-4o where the prompt explicitly restricts the model to pre-2020 knowledge, ruling out the concern that the model uses ex-post information about the resolution of inflation when forming classifications. The estimated coefficient on V/U is -0.098^{**}, consistent with the baseline results.

flect the labor market conditions relevant for the firm's workforce or decision-making. To address this, we restrict the sample to firms that are more plausibly tied to local economic conditions. Specifically, we limit the analysis to firms of smaller size (based on assets in Column (6) of Table A2 and based on number of employees in Column (7)), or excluding firms with foreign sales in Column (8), or restricting to firms in nontradable sectors (Column (9) of Table A2), where physical operations are more likely to be tied to the headquarters state. We find that the results hold throughout these specifications that restrict to firms that are more likely to be local firms. These restrictions mitigate concerns that the results are driven by globally diversified firms.

Another concern is that CEOs and CFOs may strategically communicate inflation views, for instance claiming to expect transitory inflation to signal lower future borrowing costs. First, the Q&A section of earnings calls is driven by analyst questions, leaving less room for prepared strategic messaging. Second, if strategic communication played an important role, we would expect inflation views to be systematically related to firms' interest rate exposure or debt levels; instead, we find that the results hold after controlling for leverage and financial constraints. Third, our results are robust to excluding firms with high share turnover, where investor attention and incentives for strategic disclosure are strongest (Column (11) of Table A2).

To assess the robustness of the language-model classifications to prompt design, we re-estimate the relationship between inflation views and labor market tightness using an alternative formulation of the prompt that rephrases the original question while keeping the underlying task identical. In this version, the prompt adopts a more formal, categorical framing that explicitly defines each inflation view (transitory, persistent, unsure) and restructures the instructions to appear in a classification-style format.[10] This exercise follows recent work emphasizing that large-language-model outputs can be sensitive to prompt wording (e.g., Clayton et al. 2025). Table A3

[10]See Appendix for a complete description of the prompts.

shows the results. The coefficients are similar to the main results of Table 7, suggesting that the estimated relationship between firms' inflation views and labor-market tightness is not driven by the particular phrasing of the prompt.

A related concern is that our LLM, having been trained on data that includes the resolution of the post-COVID inflation episode, may use hindsight when classifying firms' views. Column (5) of Table A2 addresses this by re-estimating the baseline using a version of the prompt that imposes an explicit knowledge cutoff at the end of 2019, preventing the model from drawing on ex-post information. The coefficient on V/U remains negative and significant, mitigating concerns about forward-looking bias.

As an additional robustness check, we re-estimate the baseline specification using a bag-of-words measure of inflation views following Hassan et al. (2019). Rather than relying on a language model, this approach classifies each transcript by comparing the frequency of transitory and persistent inflation phrases from a predefined lexicon, normalized by word count. Table A4 reports the results. The coefficient on V/U is negative across all specifications and statistically significant in columns (4) and (5), which include both industry-by-time and state fixed effects, consistent with the main finding in Table 7. However, this approach might suffer from the subjectivity of the choice of words included in the lexicon, and may miss nuanced or context-dependent language that a language model can capture. As a result, the LLM measure remains our key variable.

Estimated coefficients on labor market tightness can vary depending on the set of controls included in the regression. To verify that the coefficient is negative across various specification, we implement a specification curve approach following Simonsohn, Simmons, and Nelson (2020). Figure 11 plots results across a broad range of possible specifications, alternating combinations of controls. The highlighted specifi-

cation corresponds to our baseline model (Column (5) of Table 7), showing that the negative relationship between labor market tightness and the probability of transitory inflation views holds across alternative choices of controls.[11]

An alternative explanation for firms having distinct inflation expectations based on their location is a possible change in prices that firms observe from their region, typically through their suppliers. Albagli, Grigoli, and Luttini (2022) show that firms update their inflation beliefs in response to price changes along their input supply chain. To ensure that results are not confounded by local prices, we estimate the baseline specification with state-level Regional Price Parities (RPP) from the Bureau of Economic Analysis (BEA). Table A5 shows the results. The estimated coefficient on the vacancy-to-unemployment ratio (V/U) remains negative and statistically significant. This indicates that even after accounting for local price levels, firms headquartered in tighter labor markets are still less likely to view the post-pandemic inflation surge as transitory.

The relationship between labor market tightness and inflation expectations is also visible in Figure 10, which presents a binned-scatter plot with time fixed effects. The figure also reveals a positive, non-linear, relationship as V/U increases, indicating tighter labor markets, firms are more likely to express persistent inflation expectations in their earnings calls, the mirror image of the negative relationship for Transitory documented in Table 7. This aligns with the literature arguing for a non-linear Phillips curve (e.g., Benigno and Eggertsson 2023), where inflation expectations remain relatively flat under slack conditions but accelerate once vacancies outnumber job seekers.

[11] As an additional robustness check of coefficient stability, following Oster (2019), we examine if estimated effect of V/U remains negative and statistically significant after adjusting for potential omitted variable bias. Using the suggestion correction from Oster (2019) of 1.3 times the R2 value from the complete specification of Column (5) of Table 7, the adjusted coefficient is –0.032 (s.e. = 0.014), with a 95% confidence interval [–0.060, –0.004]. The results suggest that unobserved factors would have to be much stronger to fully remove the statistical significance.

Our firm-level data confirm that when firms operate where vacancies outnumber job-seekers, they infer that cost and wage pressures will not fade quickly and so expect inflation to be persistent. The key results emphasize the importance of local labor market data in understanding firm-level inflation expectations. Overall, the evidence supports the view of Phelps (1967) and Friedman (1968) that it is important to consider expectations within the Phillips curve and how expectations adjust to local labor market conditions.

3.5.2 Instrumental variable. A potential concern with the OLS result is reverse causality. Firms in states where inflation was perceived as persistent may have hired more aggressively, raising V/U independently of the channel we study. To identify of the effect of V/U, we first instrument it with the staggered expiration of the Federal Pandemic Unemployment Compensation (FPUC) supplement.

The FPUC supplement ($300 per week) was introduced under the American Rescue Plan and was active in all states during 2021:Q1 and 2021:Q2. Between June and July 2021, approximately 26 Republican-governed states terminated the program early, before the federal expiration date of September 6, 2021. The instrument equals one if the state had an active FPUC supplement in the quarter, and zero otherwise. Marinescu, Skandalis, and Zhao (2023) show that higher FPUC-induced replacement rates sharply reduced job search and vacancy postings, and Ganong, Greig, Noel, Sullivan, and Vavra (2024) find that FPUC benefits reduced job-finding rates, making benefit status a supply-side shock to the labor market orthogonal to local inflation conditions. Coombs, Dube, Gould, Kenneally, McGrew, and Reich (2022) show that the early-termination decisions were driven by governors' political preferences rather than local economic conditions, providing quasi-exogenous variation in the timing of FPUC expiration.

Table 8 reports the first-stage and 2SLS estimates. Column (1) shows the instrument

strongly predicts V/U, with states having an active FPUC supplement exhibiting a lower vacancy-to-unemployment ratio. The 2SLS estimate on $\widehat{V/U}$ of -0.089^{**} is consistent in sign and magnitude with OLS, suggesting that reverse causality is not driving the main result.

Table 9 provides a second source of identification by exploiting cross-state variation in mandatory COVID-19 stay-at-home restrictions. Following Raifman, Nocka, Jones et al. (2020), the instrument is a binary indicator for whether the state ever issued a mandatory statewide stay-at-home order during Q2 2020; eight states issued no mandatory order (AR, IA, NE, ND, OK, SD, UT, WY). Forsythe, Kahn, Lange, and Wiczer (2020) document that states imposing mandatory orders experienced sharper drops in vacancy postings, generating differential labor market recovery paths through 2021–2023. Column (1) confirms a strong first stage, with a F-statistic of 20.1 exceeding the Stock and Yogo (2005) threshold. Column (2) reports a 2SLS estimate on $\widehat{V/U}$ of -0.160^{***}, consistent in sign with OLS and with the FPUC IV, supporting the interpretation that tighter labor markets durably reduce the probability of a transitory inflation view.

3.6 Consequences: Financing, Investments, and Inventory

3.6.1 Financing. Having documented heterogeneity among U.S. firms expectations about inflation post-COVID, driven partly by labor market conditions, we now examine the consequences of that heterogeneity. We first test whether firms with different inflation expectations made different financing decisions. Ropele et al. (2022) show that firms with higher inflation expectations increase their demand for credit, in a pre-monetary policy tightening anticipation setting. Firms that perceive inflation as transitory should reduce short-term borrowing, as they expect nominal interest rates to fall soon and view current short-term rates as temporarily high. In contrast,

firms expecting inflation to persist might perceive a flatter expected yield curve and thus show no major change in short-term debt issuance. In Table 10, we investigate whether firms' inflation views are related to financing choices; specifically, whether they increase or decrease short- and long-term debt ratios. The dependent variable is the change from quarter t to t + 1 in the ratio of short-term (columns 1 to 4) and long term debt (columns 5 to 8) to assets. The main independent variables are transitory and persistent dummy variables. Both dummies are included, with the "unsure" category being omitted to avoid collinearity. Throughout this subsection, industry-time fixed effects absorb common industry-level shocks within a quarter, including supply chain disruptions, mitigating concerns that omitted shocks simultaneously drive both inflation views and firms' financing and real decisions.

In terms of short-term borrowing, columns 1 to 4 show that the Transitory dummy is negative and statistically significant. A firm expecting that the price surge will quickly fade cuts its short-term liabilities by roughly 0.23 percentage points of assets in the next quarter, while increasing long-term borrowing. Given that the average change in short-term borrowing is about 0.22 p.p. of assets, the 0.23 p.p. decline for transitory firms is economically meaningful. The estimate remains robust after adding industry-by-time and state fixed effects. Firms expecting the surge to persist did not change their financing decisions. Neither the Transitory nor the Persistent view affects long-term debt issuance.

The negative coefficient on Transitory in the short-term columns of Table 10 is consistent with the nominal-rate path channel. Firms that view the price surge as transitory perceive today's interest rates as temporarily high and expect them to fall back rapidly. Because the perceived subjective borrowing costs over the next quarter exceeds its expected cost over the full horizon, these firms cut short-term borrowing, waiting for cheaper refinancing.

The mechanism is in line with models in which firms adjust debt maturity to anticipated interest-rate paths (Greenwood, Hanson, and Stein 2010) and complements evidence that higher near-term inflation expectations increase demand for very short-term credit but not for term loans (Ropele et al. 2022; Choi et al. 2022). It is also consistent with evidence that inflation experiences shape interest rate expectations (Nagel 2024). When inflation is viewed as persistent, the expected nominal path is flat, thus firms have no reason to change their borrowing behavior, explaining the insignificant effect we observe for the Persistent dummy.

3.6.2 Investments. Persistent inflation expectations might imply lower expected real rates and higher perceived profitability of long-term investment projects. Therefore, firms on "team persistent" might increase capital expenditures, while those expecting inflation to be transitory should not change long-term investments, anticipating only temporary price increases. Table 11 tests whether inflation expectations help predict how much they invest in fixed capital during the following quarter. For every firm-quarter we regress capital expenditures on the two indicator variables that capture, respectively, a transitory and a persistent view expressed in the earnings call held at t. As in previous analysis, we control for profitability, leverage, cash holdings, market returns, the Kaplan–Zingales index, firm size and CEO age, as well as industry-by-quarter and headquarter-state fixed effects.

The coefficient on the persistent dummy is positive and is statistically different from zero at the 5% and 10% levels in Columns (1) and (3). Firms that expected persistent inflation invested more during the post-COVID surge, but this is not statistically significant across specifications. The transitory dummy is small and insignificant, i.e., firms that expect prices to fall back quickly didn't invest differently. It is worth noting that the small 17 bps increase in investment can be financed with cash buffers, thus reconciling with the absence of changes in debt issuance previously documented.

The findings support the idea that higher expected inflation lowers real rates and encourages long-term investment, and this is in line with recent survey evidence that persistent inflation expectations raise investments, especially for financially unconstrained companies (Ropele et al. 2022; Choi et al. 2022). This is also supported by Mundell (1963) and the Mundell-Tobin effect where expected inflation can have real effects on investments as firms increase investments as real rates decrease. This is also consistent with Ottonello and Winberry (2020), who show that firms respond by making different investment decisions, after monetary shocks. This paper contributes to this literature, highlighting how heterogeneous inflation expectations shape investment patterns.

3.6.3 Inventory. Firms expecting inflation to be transitory might want to reduce inventories, avoiding purchases at temporarily inflated input prices. Table 12 examines the relationship between changes in the inventories-to-assets ratio and inflation expectations. The Transitory dummy is negatively related to inventories and is statistically significant, while the coefficient on the persistent dummy is close to zero. Firms with transitory views decrease their inventory by around 9 basis points, or a 40% decrease, relative to the average change in inventory over assets, which is around 24 basis points. When firms view the current price surge as transitory, they tend to decrease inventories rather than purchase inputs at temporarily high prices. Firms with expectations that inflation is persistent have no incentives to adjust inventories downward. The pattern is consistent with how firms use inventory to manage production (Miron and Zeldes 1988; Eichenbaum 1989; Blinder and Maccini 1991) and with evidence showing that firms use inventories when facing transitory shocks to input prices (Alessandria, Kaboski, and Midrigan 2010; Dasgupta, Li, and Yan 2019). Overall, these findings show that firms' inflation expectations influence not only financing decisions but also real operating decisions.

4 Conclusion

This paper introduces a new, text-based perspective on how U.S. firms formed inflation expectations during the post-pandemic price surge. Using large language models to classify corporate conference call transcripts from 2021–2023, we create firm-quarter indicators that classify firms into "team transitory", "team persistent", or "unsure". The inflation expectations track both headline CPI and the Cleveland Fed's Survey of Firms' Inflation Expectations, confirming that the large-language-model approach captures economically meaningful beliefs.

Three sets of results follow. First, we document wide and systematic cross-sectional dispersion. Firms headquartered in states with slack labor markets, led by more Democratic-leaning CEOs in 2021 and Republicans in 2023, or facing tighter financing constraints were more likely to expect inflation to be transitory. By contrast, companies operating in markets where the vacancy-to-unemployment ratio was high were far less inclined to believe the price surge to be short-lived. This micro evidence contributes to recent regional Phillips-curve work showing that price dynamics steepen sharply once slack evaporates (Hazell et al. 2022) and confirms the expectations-augmented Phillips curve framework of Phelps (1967) and Friedman (1968). We also find that CEOs who experienced greater inflation over their lifetime were significantly less likely to hold a transitory view, consistent with Malmendier and Nagel (2016). Executives who lived through the high-inflation episodes of the 1970s appear to have formed more persistent priors that shaped how they interpreted the post-COVID surge.

Second, we show that narratives translate into real consequences. Firms expecting a short-lived price surge cut the ratio of short-term debt to assets. This is consistent with firms expecting nominal short-term rates to fall soon and therefore postpone

borrowing.

Third, firms on "team persistent" raise capital expenditures and firms with transitory views reduce inventories rather than re-stocking at prices they view as temporarily high. These results align with models in which lower expected real rates spur long-lived investment and with inventory-acceleration models that link stock-building to anticipated cost paths.

The evidence highlights how local macroeconomic conditions shape firms' inflation expectations and, in turn, their financing and production decisions. In periods of elevated uncertainty, monitoring such expectations can help policymakers with signals of whether inflation expectations remain anchored; not only in consumer surveys but also among firms, where hiring, pricing and investment decisions are made.

References

Albagli, E., F. Grigoli, and E. Luttini. 2022. Inflation Expectations and the Supply Chain. Tech. rep., International Monetary Fund Washington, DC.

Albrizio, S., A. Dizioli, and P. Simon. 2023. Mining the gap: Extracting firms' inflation expectations from earnings calls .

Alessandria, G., J. P. Kaboski, and V. Midrigan. 2010. Inventories, lumpy trade, and large devaluations. *American Economic Review* 100:2304–2339.

Andre, P., I. Haaland, C. Roth, M. Wiederholt, and J. Wohlfart. 2024. Narratives about the Macroeconomy. *Working Paper* .

Angeletos, G.-M., and Z. Huo. 2021. Myopia and anchoring. *American Economic Review* 111:1166–1200.

Angeletos, G.-M., Z. Huo, and K. A. Sastry. 2021. Imperfect macroeconomic expectations: Evidence and theory. *NBER Macroeconomics Annual* 35:1–86.

Armantier, O., A. Sbordone, G. Topa, W. Van der Klaauw, and J. C. Williams. 2022. A new approach to assess inflation expectations anchoring using strategic surveys. *Journal of Monetary Economics* 129:S82–S101.

Asirvatham, H., E. Mokski, and A. Shleifer. 2026. GPT as a Measurement Tool. NBER Working Paper 34834, National Bureau of Economic Research.

Autor, D., A. Dube, and A. McGrew. 2023. The unexpected compression: Competition at work in the low wage labor market. Tech. rep., National Bureau of Economic Research.

Bartik, A., A. Gupta, and D. Milo. 2024. The costs of housing regulation: Evidence from generative regulatory measurement. *Available at SSRN 4627587* .

Baumann, U., A. Ferrando, D. Georgarakos, Y. Gorodnichenko, and T. Reinelt. 2024. SAFE to update inflation expectations? New survey evidence on euro area firms. Tech. rep., National Bureau of Economic Research.

Beechey, M. J., B. K. Johannsen, and A. T. Levin. 2011. Are long-run inflation expectations anchored more firmly in the Euro area than in the United States? *American Economic Journal: Macroeconomics* 3:104–129.

Benigno, P., and G. B. Eggertsson. 2023. It's baaack: The surge in inflation in the 2020s and the return of the non-linear phillips curve. Tech. rep., National Bureau of Economic Research.

Blinder, A. S., and L. J. Maccini. 1991. Taking stock: a critical assessment of recent research on inventories. *Journal of Economic perspectives* 5:73–96.

Bloom, N. 2009. The impact of uncertainty shocks. *econometrica* 77:623–685.

Bordalo, P., N. Gennaioli, G. Lanzani, and A. Shleifer. 2025. A cognitive theory of reasoning and choice. Tech. rep., National Bureau of Economic Research.

Bybee, J. L. 2023. The ghost in the machine: Generating beliefs with large language models. *arXiv preprint arXiv:2305.02823* .

Candia, B., O. Coibion, and Y. Gorodnichenko. 2024. The Inflation Expectations of US Firms: Evidence from a new survey. *Journal of Monetary Economics* 145:103569.

Carvalho, C., S. Eusepi, E. Moench, and B. Preston. 2023. Anchored inflation expectations. *American Economic Journal: Macroeconomics* 15:1–47.

Cerrato, A., and G. Gitti. 2022. Inflation since covid: Demand or supply. *Working paper* .

Chava, S., W. Du, A. Shah, and L. Zeng. 2022. Measuring firm-level inflation exposure: A deep learning approach. *Working paper* .

Choi, S., D. Furceri, P. Loungani, and M. Shim. 2022. Inflation anchoring and growth: The role of credit constraints. *Journal of Economic Dynamics and Control* 134:104279.

Christensen, D. M., D. S. Dhaliwal, S. Boivie, and S. D. Graffin. 2015. Top management conservatism and corporate risk strategies: Evidence from managers' personal political orientation and corporate tax avoidance. *Strategic Management Journal* 36:1918–1938.

Clayton, C., A. Coppola, M. Maggiori, and J. Schreger. 2025. Geoeconomic Pressure. *Columbia Business School Research Paper, Stanford University Graduate School of Business Research Paper* .

Coibion, O., and Y. Gorodnichenko. 2015a. Information rigidity and the expectations formation process: A simple framework and new facts. *American Economic Review* 105:2644–2678.

Coibion, O., and Y. Gorodnichenko. 2015b. Is the Phillips curve alive and well after all? Inflation expectations and the missing disinflation. *American Economic Journal: Macroeconomics* 7:197–232.

Coibion, O., Y. Gorodnichenko, and M. Weber. 2022. Monetary policy communications and their effects on household inflation expectations. *Journal of Political Economy* 130:1537–1584.

Coombs, K., A. Dube, C. Gould, D. Kenneally, P. McGrew, and M. Reich. 2022. Early Withdrawal of Pandemic Unemployment Insurance: Effects on Employment and Earnings. *AEA Papers and Proceedings* 112:85–90.

Crane, L. D., A. Karra, and P. E. Soto. 2025. Total Recall? Evaluating the Macroeconomic Knowledge of Large Language Models .

D'Acunto, F., U. Malmendier, J. Ospina, and M. Weber. 2021. Exposure to grocery prices and inflation expectations. *Journal of Political Economy* 129:1615–1639.

D'Acunto, F., U. Malmendier, and M. Weber. 2023. What do the data tell us about inflation expectations? In *Handbook of economic expectations*, pp. 133–161. Elsevier.

Dasgupta, S., E. X. Li, and D. Yan. 2019. Inventory behavior and financial constraints: Theory and evidence. *The Review of Financial Studies* 32:1188–1233.

Drobot, S., D. Puzzello, R. Rholes, and A. Wabitsch. 2024. Incentivizing inflation expectations. *Working paper* .

Eichenbaum, M. 1989. Some Empirical Evidence on the Production Level and Production Cost Smoothing Models of Inventory Investment. *The American Economic Review* 79:853–864.

Eisfeldt, A. L., and G. Schubert. 2024. Generative AI and Finance. *Annual Review of Financial Economics* 17.

Eliaz, K., and R. Spiegler. 2024. News media as suppliers of narratives (and information). *Working paper* .

Flynn, J. P., and K. Sastry. 2022. The macroeconomics of narratives. *Working paper* .

Forsythe, E., L. B. Kahn, F. Lange, and D. Wiczer. 2020. Labor demand in the time of COVID-19: Evidence from vacancy postings and UI claims. *Journal of Public Economics* 189:104238.

Friedman, M. 1968. The Role of Monetary Policy. *American Economic Review* 58:1–17. Presidential Address, American Economic Association.

Ganong, P., F. Greig, P. Noel, D. M. Sullivan, and J. Vavra. 2024. Spending and Job-Finding Impacts of Expanded Unemployment Benefits: Evidence from Administrative Micro Data. *American Economic Review* 114:2553–2591.

Gennaioli, N., M. Leva, R. Schoenle, and A. Shleifer. 2024. How inflation expectations de-anchor: The role of selective memory cues. Tech. rep., National Bureau of Economic Research.

Gormsen, N. J., and K. Huber. 2025. Corporate discount rates. *American Economic Review* 115:2001–2049.

Graeber, T., C. Roth, and M. Sammon. 2025. Coarse Categories in a Complex World. Tech. rep., University of Bonn and University of Cologne, Germany.

Graffin, S. D., T. D. Hubbard, D. M. Christensen, and E. Y. Lee. 2020. The influence of CEO risk tolerance on initial pay packages. *Strategic Management Journal* 41:788–811.

Greenwood, R., S. Hanson, and J. C. Stein. 2010. A gap-filling theory of corporate debt maturity choice. *The Journal of Finance* 65:993–1028.

Hassan, T. A., S. Hollander, L. van Lent, and A. Tahoun. 2019. Firm-level political risk: Measurement and effects. *The Quarterly Journal of Economics* 134:2135–2202.

Hazell, J., J. Herreno, E. Nakamura, and J. Steinsson. 2022. The slope of the Phillips Curve: evidence from US states. *The Quarterly Journal of Economics* 137:1299–1344.

Heddaya, M., C. Tan, R. Voigt, Q. Zeng, and A. Zentefis. 2025. A Century of Inflation Narratives. *Available at SSRN 5259107* .

Hillenbrand, S., V. V. Acharya, V. Venkateswaran, and M. Underwood. 2025. Inflation Uncertainty: Measurement, Causes, and Consequences. *Working paper* .

Jha, M., J. Qian, M. Weber, and B. Yang. 2024a. ChatGPT and corporate policies. *Working paper* .

Jha, M., J. Qian, M. Weber, and B. Yang. 2024b. Harnessing generative AI for economic insights. *Working paper* .

Kalyani, A., and S. Ozkan. 2025. Theory Meets Textual Analysis: Measuring Firm-Level Labor Cost Pressures and Inflation Pass-Through. Tech. rep., Working paper.

Kaplan, S. N., and L. Zingales. 1997. Do investment-cash flow sensitivities provide useful measures of financing constraints? *The quarterly journal of economics* 112:169–215.

Ludwig, J., S. Mullainathan, and A. Rambachan. 2025. Large Language Models: An Applied Econometric Framework. NBER Working Paper 33344, National Bureau of Economic Research.

Malmendier, U., and S. Nagel. 2016. Learning from inflation experiences. *The Quarterly Journal of Economics* 131:53–87.

Malmendier, U., S. Nagel, and Z. Yan. 2021. The making of hawks and doves. *Journal of Monetary Economics* 117:19–42.

Malmendier, U., and A. S. Wellsjo. 2024. Rent or buy? inflation experiences and homeownership within and across countries. *The Journal of Finance* 79:1977–2023.

Mankiw, N. G., and R. Reis. 2002. Sticky information versus sticky prices: a proposal to replace the New Keynesian Phillips curve. *The Quarterly Journal of Economics* 117:1295–1328.

Marinescu, I., D. Skandalis, and D. Zhao. 2023. The Impact of the Federal Pandemic Unemployment Compensation on Job Search and Vacancy Creation. *Journal of Public Economics* 218:104808.

Mavroeidis, S., M. Plagborg-Møller, and J. H. Stock. 2014. Empirical evidence on inflation expectations in the New Keynesian Phillips Curve. *Journal of Economic Literature* 52:124–188.

McLeay, M., and S. Tenreyro. 2020. Optimal inflation and the identification of the Phillips curve. *NBER macroeconomics annual* 34:199–255.

Miron, J. A., and S. P. Zeldes. 1988. Seasonality, cost shocks, and the production smoothing model of inventories. *Econometrica* pp. 877–908.

Mullainathan, S., J. Schwartzstein, and A. Shleifer. 2008. Coarse thinking and persuasion. *The Quarterly journal of economics* 123:577–619.

Mundell, R. 1963. Inflation and real interest. *Journal of political economy* 71:280–283.

Nagel, S. 2024. Leaning against inflation experiences. *Working paper, University of Chicago* .

Oster, E. 2019. Unobservable selection and coefficient stability: Theory and evidence. *Journal of Business & Economic Statistics* 37:187–204.

Ottonello, P., and T. Winberry. 2020. Financial heterogeneity and the investment channel of monetary policy. *Econometrica* 88:2473–2502.

Phelps, E. S. 1967. Phillips curves, expectations of inflation and optimal unemployment over time. *Economica* pp. 254–281.

Raifman, J., K. Nocka, D. Jones, et al. 2020. COVID-19 US State Policy Database. Boston University School of Public Health.

Ropele, T., Y. Gorodnichenko, and O. Coibion. 2022. Inflation expectations and corporate borrowing decisions: New causal evidence. Tech. rep., National Bureau of Economic Research.

Simonsohn, U., J. P. Simmons, and L. D. Nelson. 2020. Specification curve analysis. *Nature human behaviour* 4:1208–1214.

Sims, C. A. 2003. Implications of rational inattention. *Journal of monetary Economics* 50:665–690.

Smith, S. C., A. Timmermann, and J. H. Wright. 2025. Breaks in the Phillips curve: Evidence from panel data. *Journal of Applied Econometrics* 40:131–148.

Song, W., and S. Stern. 2024. Firm inattention and the efficacy of monetary policy: A text-based approach. *Review of Economic Studies* p. rdae102.

Stock, J. H., and M. Yogo. 2005. Testing for weak instruments in linear IV regression. In D. W. K. Andrews and J. H. Stock (eds.), *Identification and Inference for Econometric Models: Essays in Honor of Thomas Rothenberg*, pp. 80–108. Cambridge University Press.

5 Figures and Tables

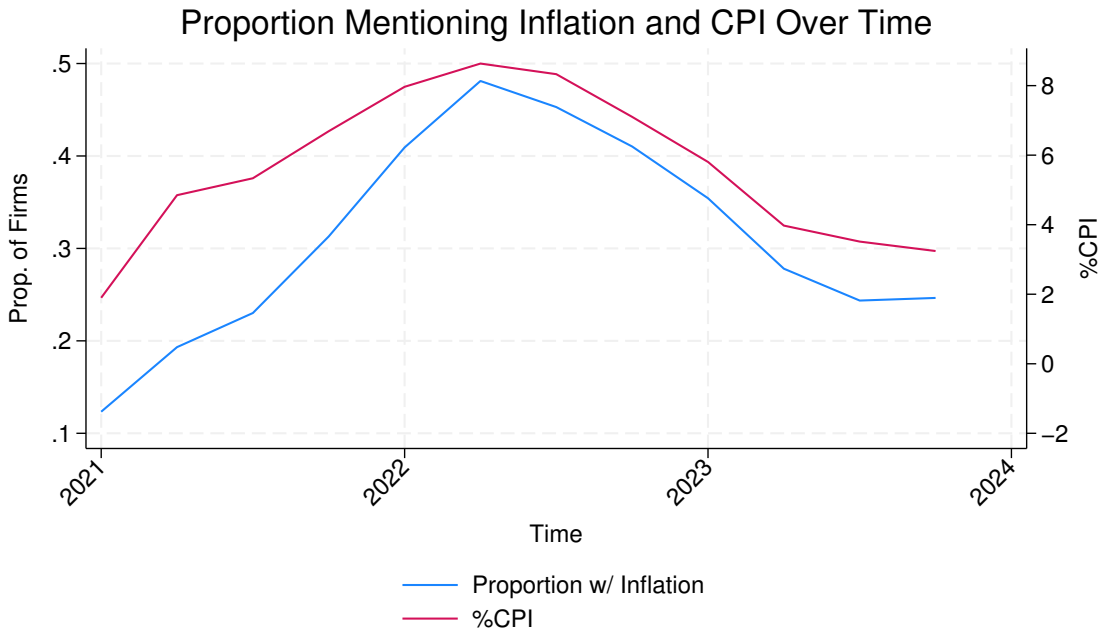


Figure 2. This figure shows the evolution of the proportion of firms mentioning inflation in the answers of the Q&A section of the earnings calls, alongside the growth rate in CPI (growth rate relative to the same quarter in the previous year).

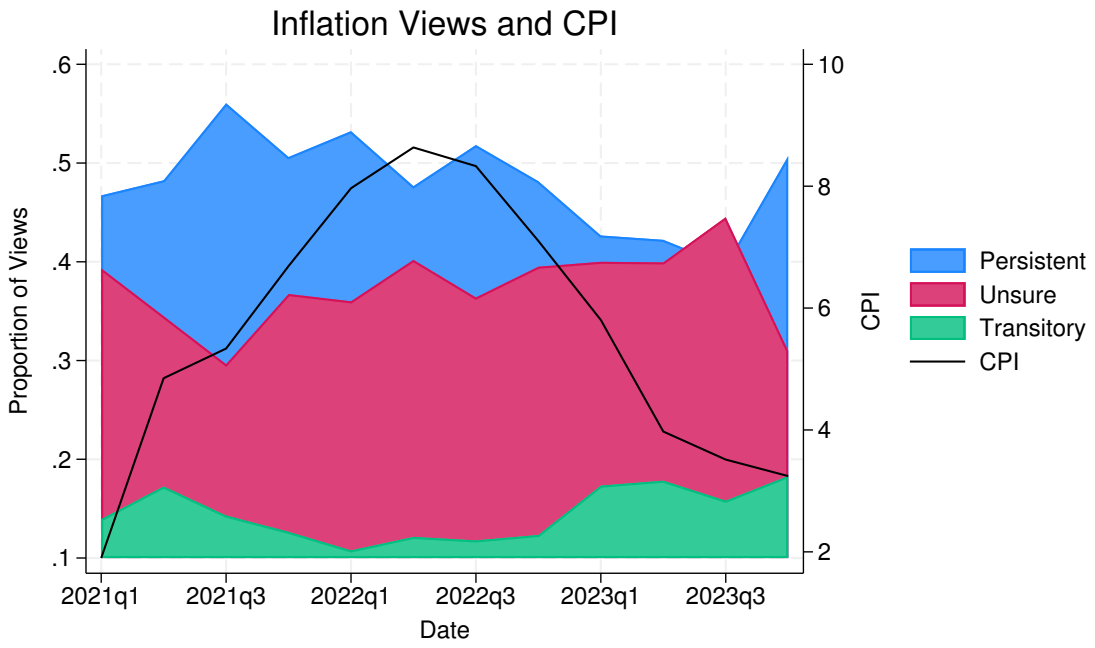


Figure 3. This figure shows the evolution of the proportion of firms with transitory, persistent, and unsure views on inflation in the answers of the Q&A section of the earnings calls, alongside the growth rate in CPI (growth rate relative to the same quarter in the previous year).

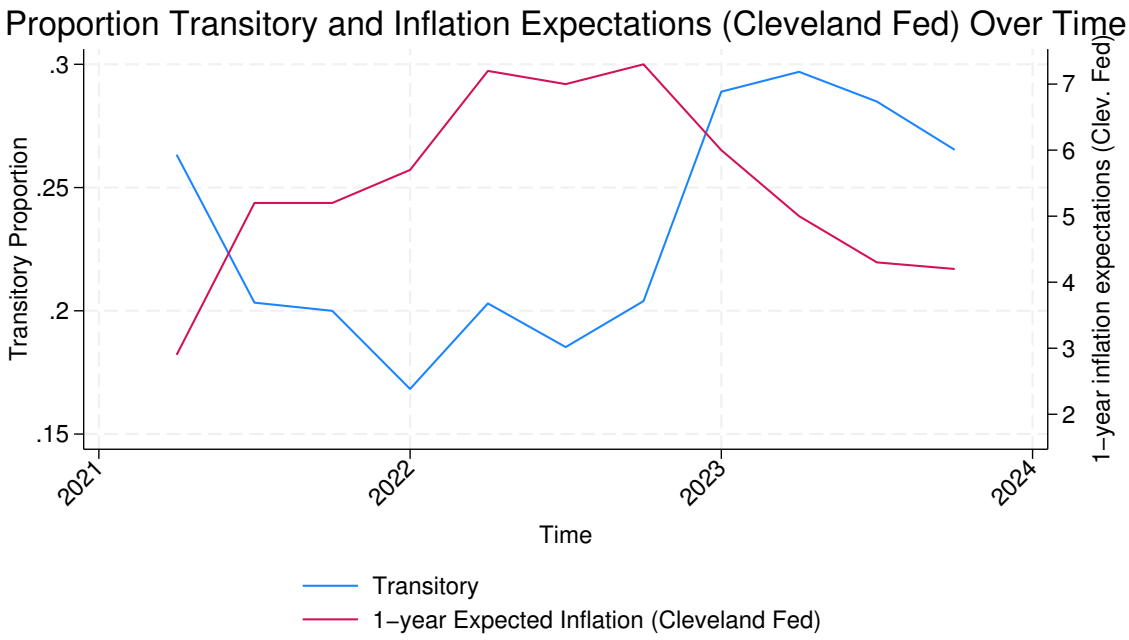


Figure 4. This figure shows the evolution of the proportion of firms with transitory views on inflation in the answers of the Q&A section of the earnings calls (excluding Unsure views) and 1-year inflation expectations from Cleveland Fed.

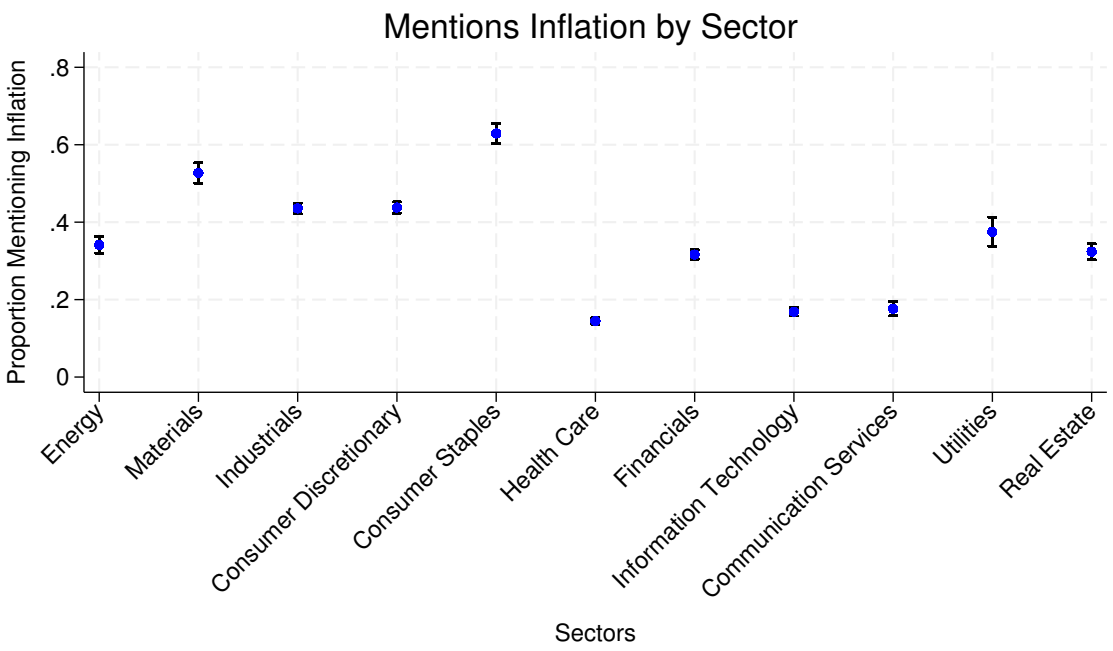


Figure 5. This figure shows the proportion of firms mentioning inflation in the answers of the Q&A section of the earnings calls, split by sectors.

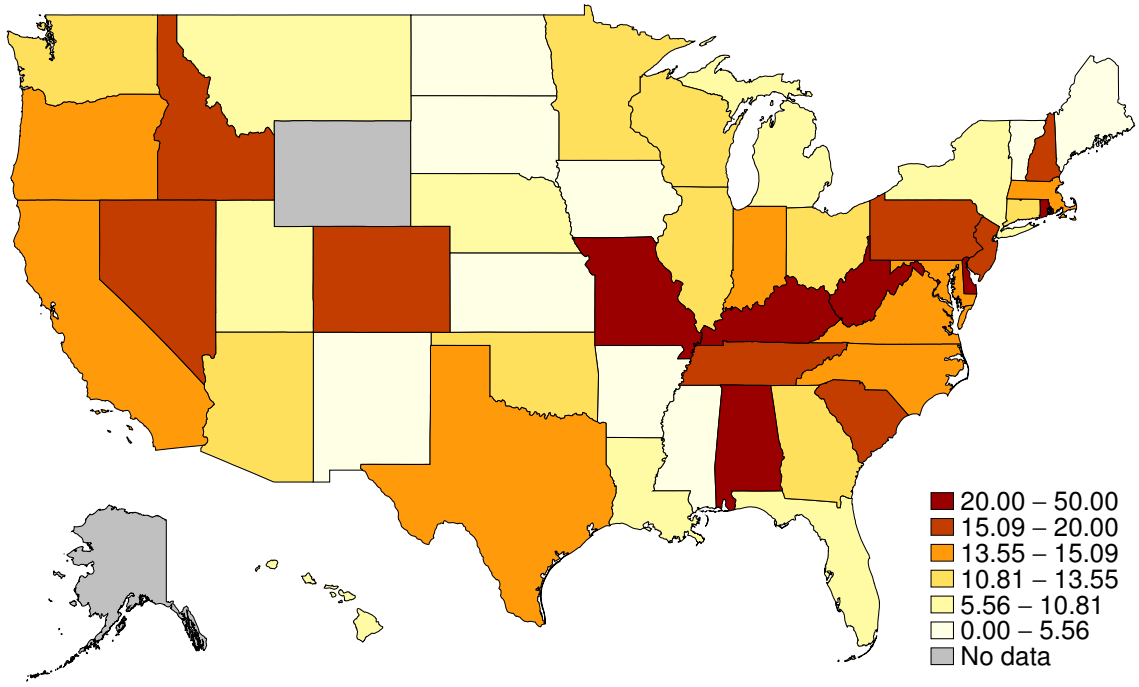


Figure 6. This figure shows the average transitory inflation view, excluding Unsure views, by state using a map of the United States.

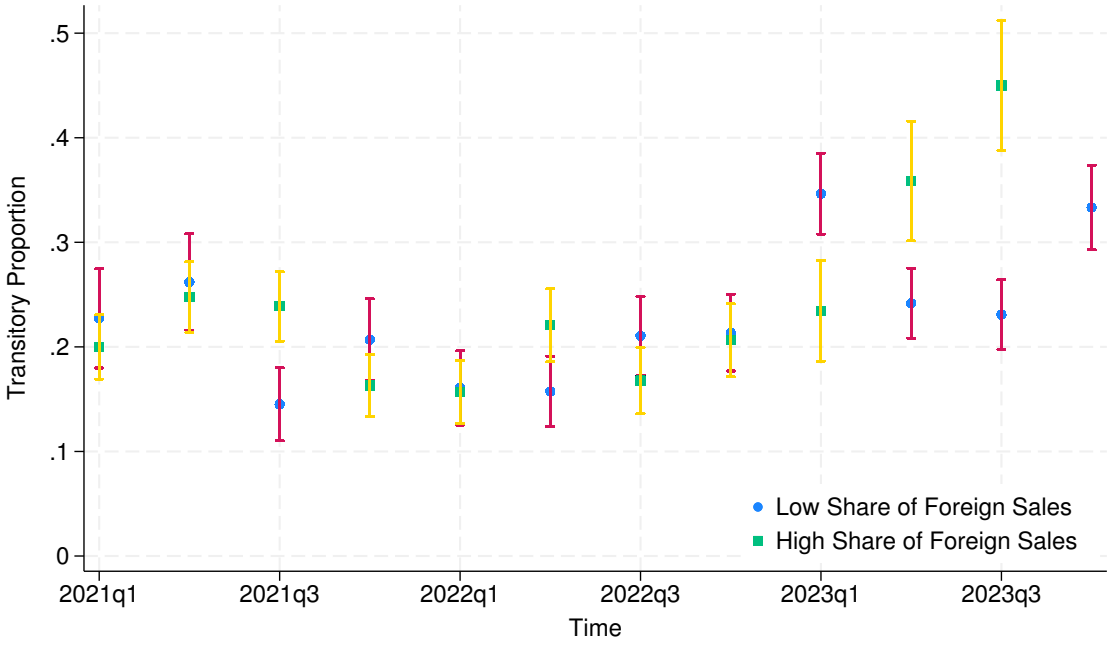


Figure 7. This figure shows the average transitory inflation view, excluding Unsure views, by share of foreign sales.

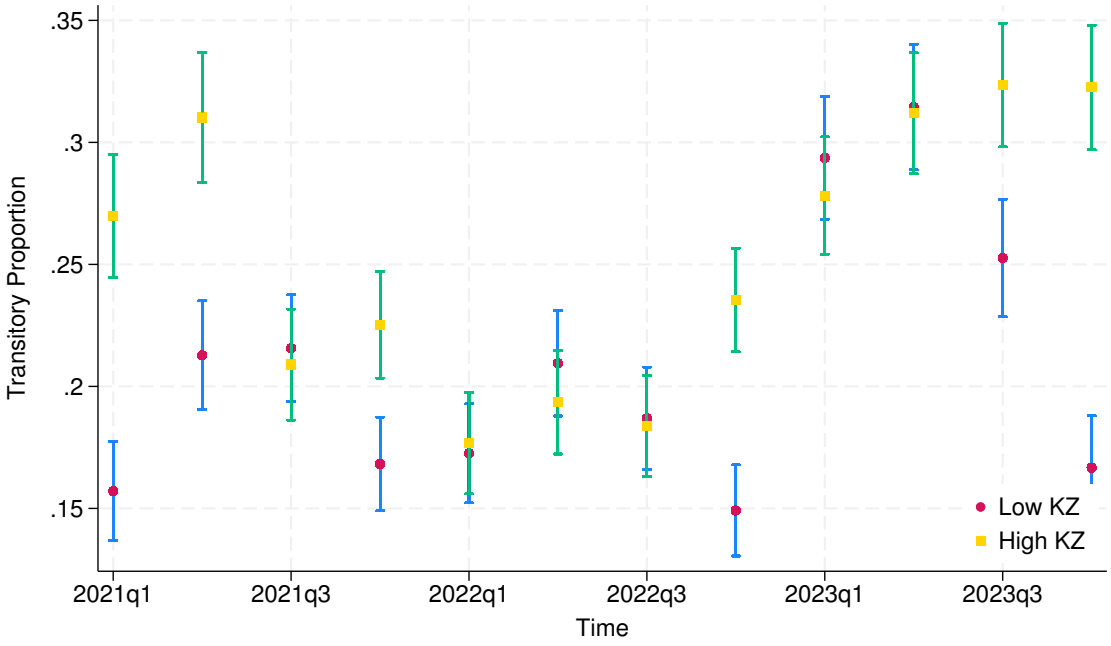


Figure 8. This figure shows the average transitory inflation view, excluding Unsure views, by financial constraints.

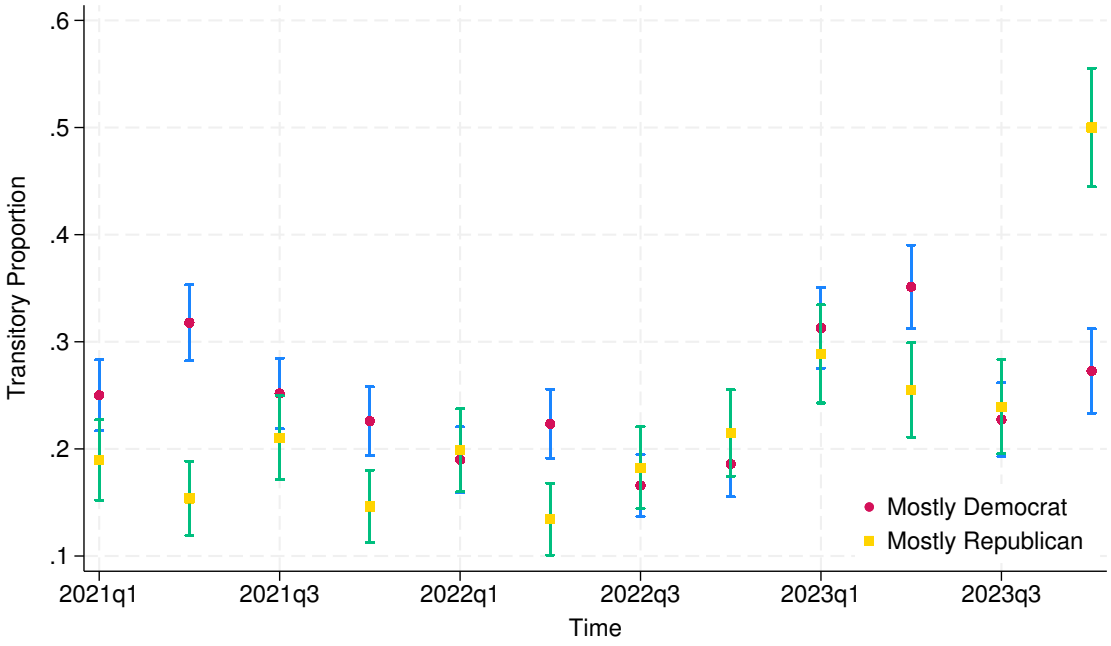


Figure 9. This figure shows the average transitory inflation view, excluding Unsure views, by political affiliations.

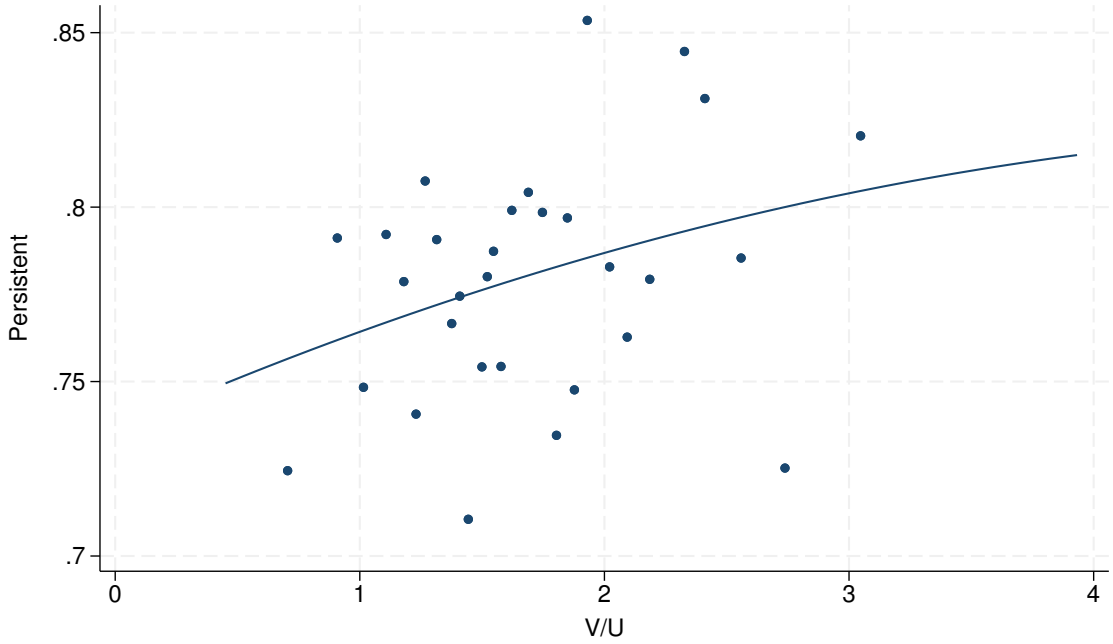


Figure 10. This figure shows a binned-scatter plot of the relationship between labor-market tightness and persistent inflation views. The graph plots the average value of the persistence index (Persistent) against the vacancies-to-unemployment ratio (V/U) using 30 equal-frequency bins. The solid curve overlays a quadratic (second-order) polynomial regression estimated with robust standard errors and time fixed effects.

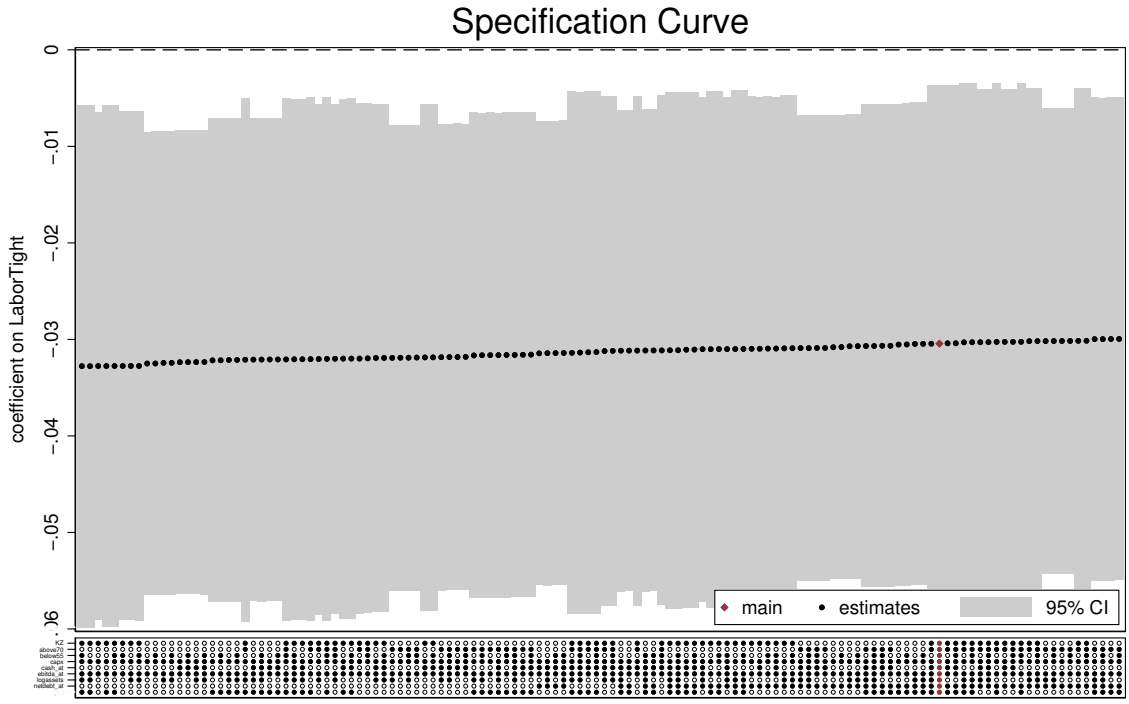


Figure 11. This figure shows coefficient results for a large number of various specifications alternating controls (Simonsohn et al. 2020). The highlighted red specification in the specification curve represents the main specification with all controls as in Column (5) of Table 7.

Table 1. Examples of Inflation Views in Earnings Calls
This table presents examples from GPT-4o and the assessment of inflation views from earnings calls.

Headline	Choice	Explanation
ChannelAdvisor Corporation, Q4 2021 Earnings Call, Feb 10, 2022	Persistent	The firm expresses that inflation is impacting consumer spending power and mentions that the average American consumer is paying significantly more each month due to inflation, indicating a belief that inflation is not just a temporary issue.
Bentley Systems, Incorporated, Q3 2022 Earnings Call, Nov 08, 2022	Persistent	The firm indicates resilience against inflation with plans for pricing escalations higher than previous years, suggesting they expect inflation to have a lasting impact rather than being temporary.
The Coca-Cola Company, Q4 2022 Earnings Call, Feb 14, 2023	Transitory	The firm expects inflation to moderate throughout 2023, indicating a belief that the current inflationary pressures are temporary rather than persistent.
Chipotle Mexican Grill, Inc., Q3 2021 Earnings Call, Oct 21, 2021	Unsure	The firm acknowledges both transitory and persistent elements of inflation, indicating they do not have a clear view on how much inflation is temporary versus permanent.
Akamai Technologies, Inc., Q1 2022 Earnings Call, May 03, 2022	Unsure	The firm indicates that while they are not seeing a significant impact from inflation currently, they acknowledge potential future changes and concerns related to labor markets and customer spending behaviors, suggesting uncertainty about the persistence of inflation's effects.

Table 2. Summary statistics

This table presents summary statistics of uncertainty measures from earnings calls as well as firm characteristics from Compustat. The sample runs from 2007 to 2024 and measures of inflation of expectations are extracted from earnings calls for 2350 firms from 2021 to 2023.

	count	mean	sd	p10	p25	p50	p75	p90
Transitory	8,755	0.137	0.344	0.000	0.000	0.000	0.000	1.000
Mentions Inflation	35,469	0.314	0.464	0.000	0.000	0.000	1.000	1.000
EBITDA/Assets	32,933	-0.047	7.455	-7.800	-0.733	1.646	3.369	5.457
Net Debt/Assets	34,765	0.353	3.572	-1.651	-0.243	0.000	0.000	2.223
Capex/Assets	34,818	0.711	1.009	0.000	0.065	0.355	0.915	1.841
Cash/Assets	35,308	0.213	0.245	0.014	0.037	0.105	0.308	0.631
Ret	34,954	0.175	30.189	-31.111	-14.934	-0.986	12.627	28.582
Political affiliation	60,330	0.200	0.723	-1.000	-0.357	0.333	0.987	1.000
Foreign sales share	17,198	3.325	9.503	0.349	1.041	2.509	4.762	7.076
KZ	31,731	0.646	1.010	-0.511	-0.006	0.582	1.176	1.789
CEO Age	23,075	60.361	7.405	51.000	56.000	60.000	65.000	69.000
CEO Infl. Exp.	9,855	2.859	1.184	1.750	1.988	2.212	3.163	5.019

Table 3. The Determinants of Inflation Views in Earnings Calls

This table presents estimates from panel regressions of indicator variables of whether inflation is mentioned in the earnings call of quarter t and the transitory indicator variable on firm characteristics in quarter t-1. These characteristics include Capex over assets (*100), EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock returns (*100), foreign sales share, Kaplan Zingales, CEO age, political leaning, and the logarithm of assets. Industry fixed effects are coded according to the 74 GICS industries. Standard errors, clustered by firm, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

	Mentions Inflation				*Transitory*			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
EBITDA/Assets	0.003***	0.001*	0.001*	0.001	-0.001	-0.003*	-0.003**	0.002
	(0.001)	(0.001)	(0.001)	(0.004)	(0.001)	(0.002)	(0.002)	(0.004)
Net Debt/Assets	-0.002***	-0.002**	-0.001*	-0.001	-0.000	-0.000	-0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.001)	(0.002)
Capex/Assets	0.031***	0.010**	0.014***	0.012	0.011**	0.005	0.005	-0.003
	(0.004)	(0.004)	(0.004)	(0.012)	(0.005)	(0.005)	(0.005)	(0.014)
Cash/Assets	-0.326***	-0.186***	-0.149***	-0.203**	-0.058*	-0.027	-0.056*	0.090
	(0.018)	(0.020)	(0.020)	(0.090)	(0.030)	(0.032)	(0.034)	(0.122)
log(Assets)	0.043***	0.050***	0.049***	0.037***	-0.006**	-0.001	0.000	-0.007
	(0.003)	(0.003)	(0.003)	(0.007)	(0.003)	(0.003)	(0.003)	(0.007)
Ret	0.000	0.000	-0.000	-0.001**	-0.000	-0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)
Foreign sales share				0.002				0.003
				(0.004)				(0.004)
KZ				0.019				-0.016
				(0.017)				(0.015)
CEO Age < 55				0.052*				-0.012
				(0.030)				(0.026)
CEO Age > 70				-0.029				-0.065*
				(0.036)				(0.037)
Political affiliation				0.008				-0.007
				(0.013)				(0.012)
Industry FE	No	Yes	No	No	No	Yes	No	No
Time FE	Yes	Yes	No	No	Yes	Yes	No	No
Industry x Time FE	No	No	Yes	Yes	No	No	Yes	Yes
State FE	No	No	Yes	Yes	No	No	Yes	Yes
Observations	27558	27557	27380	5572	7353	7351	7308	2207
R^2	0.156	0.230	0.238	0.258	0.008	0.027	0.057	0.113

Table 4. CEO Inflation Experience and Transitory Views

This table presents estimates from pooled panel regressions of the transitory indicator variable on firm characteristics and CEO inflation experience. CEO inflation experience follows Malmendier and Nagel (2016). Each column uses a different declining-weight parameter λ, with higher λ placing more weight on recent inflation experiences. Controls include EBITDA over assets (*100), net debt over assets (*100), cash over assets, Capex over assets (*100), quarterly stock returns (*100), the logarithm of assets, the Kaplan-Zingales index, executives' political affiliation, and foreign sales share, all measured contemporaneously. Industry-by-time and state fixed effects are included in all columns. Standard errors, clustered by quarter, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels.

	Transitory		
	($\lambda = 1.0$)	($\lambda = 1.5$)	($\lambda = 2.0$)
CEO Infl. Exp.	-0.051*	-0.039**	-0.028**
	(0.024)	(0.016)	(0.012)
EBITDA/Assets	0.004	0.003	0.003
	(0.004)	(0.004)	(0.004)
Net Debt/Assets	0.003	0.003	0.003
	(0.003)	(0.003)	(0.003)
Capex/Assets	0.002	0.002	0.002
	(0.015)	(0.015)	(0.015)
Cash/Assets	-0.077	-0.070	-0.069
	(0.115)	(0.116)	(0.116)
log(Assets)	-0.001	-0.001	-0.001
	(0.006)	(0.006)	(0.006)
Ret	-0.001	-0.001	-0.001
	(0.001)	(0.001)	(0.001)
KZ	-0.018	-0.018	-0.018
	(0.012)	(0.012)	(0.012)
Political affiliation	-0.008	-0.009	-0.009
	(0.011)	(0.011)	(0.011)
Foreign sales share	0.004	0.004	0.004
	(0.004)	(0.004)	(0.004)
Industry×Time FE	Yes	Yes	Yes
State FE	Yes	Yes	Yes
Observations	2175	2175	2175
R^2	0.210	0.211	0.211

Table 5. Transition probabilities of firms' inflation views

This table presents unconditional probabilities of next-quarter inflation-view states given the firm's current view. We report row-standardized transition probabilities.

	to Persistent	**to Transitory**
From Persistent	87%	13%
From Transitory	76%	24%

Table 6. Transitioning Inflation Views in Earnings Calls

This table presents estimates from panel regressions of transitory inflation views quarter t+1 on the transitory and persistent indicator variables in quarter t in Panel A. In Panel B, the dependent variables are indicator variables that identifies a firm that switched views from quarter t to t+1 in column (1), a firm that switched from persistent to transitory in column (2) and from transitory to persistent in column (3). Controls include Capex over assets (*100), EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock returns (*100), Kaplan Zingales, political affiliation of its executives, CEO age and the logarithm of assets. Industry fixed effects are coded according to the 74 GICS industries. Standard errors, clustered by quarter, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

Panel A

	Transitory (t+1)			
	(1)	(2)	(3)	(4)
Transitory	-0.097**	-0.091**	-0.115***	-0.115***
	(0.034)	(0.038)	(0.033)	(0.025)
Persistent	-0.010	-0.016	-0.016	-0.009
	(0.013)	(0.011)	(0.013)	(0.016)
Capex/Assets		0.011	0.010	0.005
		(0.016)	(0.016)	(0.017)
EBITDA/Assets		-0.004	-0.006	-0.004
		(0.004)	(0.005)	(0.006)
Net Debt/Assets		-0.003	-0.003	-0.003
		(0.002)	(0.002)	(0.002)
Cash/Assets		-0.072	0.078	0.079
		(0.185)	(0.167)	(0.218)
log(Assets)		0.078	0.007	0.032
		(0.062)	(0.062)	(0.074)
Ret		-0.000	0.000	0.000
		(0.000)	(0.001)	(0.000)
KZ				0.010
				(0.043)
CEO Age < 55				-0.132
				(0.096)
CEO Age > 70				-0.037
				(0.240)
Firm FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	No	No
Time FE	Yes	Yes	No	No
Industry x Time FE	No	No	Yes	Yes
State FE	No	No	Yes	Yes
Observations	4176	3830	3796	3480
R^2	0.273	0.275	0.303	0.305

Panel B

	Any change in view	*Persistent to Transitory*	*Transitory to Persistent*
	(1)	(2)	(3)
Capex/Assets	-0.003	0.004	-0.010
	(0.008)	(0.005)	(0.016)
EBITDA/Assets	0.002	-0.001	-0.002
	(0.002)	(0.002)	(0.004)
Net Debt/Assets	-0.002	-0.002**	-0.001
	(0.002)	(0.001)	(0.004)
Cash/Assets	-0.185***	-0.022	-0.107
	(0.057)	(0.038)	(0.143)
log(Assets)	-0.011**	0.004	0.029***
	(0.004)	(0.003)	(0.010)
Ret	-0.000	0.000	0.001
	(0.000)	(0.000)	(0.001)
KZ	-0.008	0.004	-0.002
	(0.009)	(0.007)	(0.024)
CEO Age < 55	-0.018	0.001	0.014
	(0.020)	(0.016)	(0.044)
CEO Age > 70	0.015	-0.015	0.005
	(0.016)	(0.012)	(0.043)
Industry $\times$ Time FE	Yes	Yes	Yes
State FE	Yes	Yes	Yes
Observations	7214	3535	979
R^2	0.046	0.082	0.221

Table 7. Inflation Views in Earnings Calls and State-level Labor Market Tightness

This table presents estimates from panel regressions of transitory inflation expectations on the number of job openings divided by the number of unemployment individuals at the state-level in quarter t from the Local Area Unemployment Statistics. Controls include Capex over assets (*100), EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock return (*100), foreign sales share, Kaplan Zingales, CEO age, and the logarithm of assets. Industry fixed effects are coded according to the 74 GICS industries. Standard errors, clustered by state, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

	Transitory				
	(1)	(2)	(3)	(4)	(5)
V/U	-0.010	-0.011	-0.016*	-0.031**	-0.030**
	(0.008)	(0.009)	(0.008)	(0.012)	(0.013)
Capex/Assets		0.004	0.004	0.004	-0.001
		(0.004)	(0.004)	(0.004)	(0.004)
EBITDA/Assets		-0.001	-0.001	-0.002	-0.002
		(0.001)	(0.001)	(0.001)	(0.002)
Net Debt/Assets		0.003*	0.003*	0.003*	0.002
		(0.001)	(0.001)	(0.001)	(0.002)
Cash/Assets		-0.039	-0.045	-0.059	-0.081*
		(0.032)	(0.033)	(0.036)	(0.041)
log(Assets)		-0.001	-0.001	-0.001	-0.004
		(0.003)	(0.003)	(0.003)	(0.004)
Ret		0.000	0.000	0.000	0.000
		(0.000)	(0.000)	(0.000)	(0.000)
KZ					0.002
					(0.007)
CEO Age < 55					0.000
					(0.017)
CEO Age > 70					-0.018*
					(0.010)
Industry FE	Yes	Yes	No	No	No
Time FE	Yes	Yes	No	No	No
Industry x Time FE	No	No	Yes	Yes	Yes
State FE	No	No	No	Yes	Yes
Observations	8675	7808	7794	7793	7181
R^2	0.024	0.027	0.049	0.057	0.061

Table 8. Inflation Views and Labor Market Tightness: FPUC Instrument
This table presents first-stage estimates (Column 1) and two-stage least squares (2SLS) estimates (Column 2) from panel regressions using an FPUC-based instrument. The instrument is an indicator for whether the state had active FPUC benefits ($300/week supplement) in the observation quarter. FPUC was active in all states in 2021:Q1 and 2021:Q2. Approximately 26 states (predominantly Republican-governed) terminated benefits early, between June and July 2021, prior to the federal expiration date of September 6, 2021; the instrument equals zero for these states in 2021:Q3 and for all states thereafter. Column (2) restricts to firms with a clear inflation view, excluding the unsure category, following Column (4) of Table A2. The Kleibergen-Paap rk Wald weak-identification F-statistic exceeds the Stock-Yogo 10% critical value of 16.38. Controls include Capex over assets (*100), EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock return (*100), Kaplan-Zingales index, CEO age dummies, and the logarithm of assets. Industry times time and state fixed effects are included. Standard errors, clustered by state, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

	V/U	*Transitory*
	(1)	(2)
	First Stage	2SLS
$\widehat{V/U}$		-0.089**
		(0.041)
FPUC Supplement Active	-0.532***	
	(0.037)	
Capex/Assets	0.001	-0.003
	(0.003)	(0.006)
EBITDA/Assets	0.000	-0.002
	(0.001)	(0.002)
Net Debt/Assets	0.002	0.003*
	(0.001)	(0.002)
Cash/Assets	0.044*	-0.073
	(0.023)	(0.067)
log(Assets)	-0.003*	-0.001
	(0.002)	(0.005)
Ret	-0.001***	0.000
	(0.000)	(0.000)
KZ	0.003	0.002
	(0.003)	(0.012)
CEO Age below 55	0.011	0.004
	(0.008)	(0.026)
CEO Age above 70	0.007	-0.077*
	(0.012)	(0.042)
Industry x Time FE	Yes	Yes
State FE	Yes	Yes
Observations	7180	4544
R^2	0.803	0.004
Kleibergen-Paap F		176.482

Table 9. Inflation Views and Labor Market Tightness: Lockdown Instrument

This table presents first-stage estimates (Column 1) and two-stage least squares (2SLS) estimates (Column 2) from panel regressions using a binary lockdown instrument. The instrument equals one if the state ever issued a mandatory statewide stay-at-home order during Q2 2020, and zero for the eight states that did not (AR, IA, NE, ND, OK, SD, UT, WY); source: Raifman et al. (2020) COVID-19 US State Policy Database. Column (2) restricts to firms with a clear inflation view, excluding the unsure category, following Column (4) of Table A2. The Kleibergen-Paap rk Wald weak-identification F-statistic exceeds the Stock-Yogo 10% critical value of 16.38. Controls include Capex over assets (*100), EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock return (*100), Kaplan-Zingales index, CEO age dummies, and the logarithm of assets. Industry times time fixed effects are included. Standard errors, clustered by state (48 clusters), are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

	V/U	*Transitory*
	(1)	(2)
	First Stage	2SLS
$\widehat{V/U}$		-0.160***
		(0.057)
State Had SAH Order	-0.722***	
	(0.151)	
Capex/Assets	0.012	-0.000
	(0.009)	(0.006)
EBITDA/Assets	0.007***	-0.001
	(0.002)	(0.002)
Net Debt/Assets	0.006***	0.003*
	(0.002)	(0.002)
Cash/Assets	-0.315*	-0.063
	(0.157)	(0.072)
log(Assets)	-0.018**	-0.005
	(0.007)	(0.005)
Ret	-0.001***	-0.000
	(0.000)	(0.000)
KZ	0.003	0.004
	(0.018)	(0.012)
CEO Age below 55	0.040	0.031
	(0.036)	(0.028)
CEO Age above 70	-0.141***	-0.096**
	(0.050)	(0.044)
Industry x Time FE	Yes	Yes
State FE	No	No
Observations	7181	4544
R^2	0.276	-0.018
Kleibergen-Paap F		20.047

Table 10. Debt and Inflation Views in Earnings Calls

This table presents estimates from panel regressions of short-term and long-term debt over assets (*100) on the transitory and persistent indicator variables. Controls include Capex over assets (*100), EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock returns (*100), Kaplan Zingales, CEO age, and the logarithm of assets. Industry fixed effects are coded according to the 74 GICS industries. Standard errors, clustered by quarter, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

	Change in ST Debt/Assets				*Change in LT Debt/Assets*			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Transitory	-0.220***	-0.176**	-0.201**	-0.230***	0.313*	0.323*	0.306*	0.313*
	(0.068)	(0.068)	(0.070)	(0.070)	(0.166)	(0.169)	(0.157)	(0.170)
Persistent	0.010	0.009	-0.035	-0.041	0.089	0.051	0.008	0.032
	(0.047)	(0.049)	(0.054)	(0.054)	(0.091)	(0.096)	(0.083)	(0.086)
Capex/Assets		0.041	0.034	0.045		0.378***	0.368***	0.374***
		(0.038)	(0.040)	(0.040)		(0.059)	(0.060)	(0.058)
EBITDA/Assets		-0.059***	-0.061***	-0.064***		-0.013	-0.014	0.005
		(0.018)	(0.018)	(0.015)		(0.014)	(0.012)	(0.014)
Net Debt/Assets		0.098***	0.103***	0.101***				
		(0.016)	(0.017)	(0.017)				
Cash/Assets		-0.436	-0.469	-0.185		-0.733	-0.685	0.695
		(0.422)	(0.419)	(0.345)		(0.479)	(0.463)	(0.499)
log(Assets)		-0.028	-0.026	-0.040		-0.026	-0.020	0.019
		(0.016)	(0.020)	(0.023)		(0.035)	(0.030)	(0.037)
Ret		0.001	0.000	0.001		-0.005**	-0.005*	-0.004*
		(0.002)	(0.002)	(0.002)		(0.002)	(0.003)	(0.002)
KZ				0.169**				0.397***
				(0.065)				(0.064)
CEO Age < 55				0.014				0.139
				(0.099)				(0.130)
CEO Age > 70				-0.161				0.252***
				(0.107)				(0.070)
Industry FE	Yes	Yes	No	No	Yes	Yes	No	No
Time FE	Yes	Yes	No	No	Yes	Yes	No	No
Industry x Time FE	No	No	Yes	Yes	No	No	Yes	Yes
State FE	No	No	Yes	Yes	No	No	Yes	Yes
Observations	7550	7178	7138	7093	8597	7837	7793	7224
R^2	0.013	0.033	0.067	0.071	0.024	0.032	0.056	0.064

Table 11. Investments and Inflation Views in Earnings Calls

This table presents estimates from panel regressions of CAPX in quarter t+1 on the transitory and persistent indicator variables. Controls include EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock returns (*100), Kaplan Zingales, political affiliation of its executives, CEO age and the logarithm of assets. Industry fixed effects are coded according to the 74 GICS industries. Standard errors, clustered by quarter, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

	Capex			
	(1)	(2)	(3)	(4)
Transitory	-2.133	-0.361	-1.114	-0.712
	(13.671)	(14.522)	(12.046)	(13.648)
Persistent	16.763**	9.964	17.064*	14.518
	(7.396)	(8.752)	(7.998)	(8.575)
EBITDA/Assets		-1.322	-1.946	-2.135
		(1.226)	(1.379)	(1.707)
Net Debt/Assets		0.706	0.836	1.161
		(0.703)	(0.801)	(0.955)
Cash/Assets		173.306***	107.588***	2.147
		(39.763)	(33.597)	(41.776)
log(Assets)		122.112***	122.999***	137.173***
		(7.591)	(7.794)	(9.605)
Ret		-0.496	-0.306	-0.344
		(0.327)	(0.289)	(0.302)
KZ				-43.506***
				(5.382)
CEO Age < 55				-48.912***
				(12.489)
CEO Age > 70				65.527***
				(13.998)
Industry FE	Yes	Yes	No	No
Time FE	Yes	Yes	No	No
Industry x Time FE	No	No	Yes	Yes
State FE	No	No	Yes	Yes
Observations	8494	7708	7663	7053
R^2	0.177	0.268	0.328	0.342

Table 12. Inventory and Inflation Views in Earnings Calls

This table presents estimates from panel regressions of change in inventory-to-assets ratio on the transitory and persistent indicator variables. Controls include Capex over assets (*100), EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock returns (*100), Kaplan Zingales, political affiliation of its executives, CEO age and the logarithm of assets. Industry fixed effects are coded according to the 74 GICS industries. Standard errors, clustered by quarter, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

	Change in Inventory/Assets			
	(1)	(2)	(3)	(4)
Transitory	-0.106*	-0.121**	-0.098*	-0.096*
	(0.053)	(0.050)	(0.052)	(0.047)
Persistent	-0.001	-0.012	-0.026	-0.028
	(0.036)	(0.036)	(0.039)	(0.037)
Capex/Assets		0.017	-0.019	-0.015
		(0.021)	(0.027)	(0.030)
EBITDA/Assets		-0.002	-0.002	-0.009
		(0.009)	(0.010)	(0.010)
Net Debt/Assets		0.064***	0.065***	0.066***
		(0.010)	(0.011)	(0.013)
Cash/Assets		-0.386***	-0.333***	-0.501***
		(0.077)	(0.078)	(0.109)
log(Assets)		-0.040**	-0.038**	-0.035**
		(0.015)	(0.016)	(0.013)
Ret		-0.001	-0.003	-0.003
		(0.001)	(0.002)	(0.003)
KZ				-0.086**
				(0.028)
CEO Age < 55				0.055
				(0.055)
CEO Age > 70				0.016
				(0.050)
Industry FE	Yes	Yes	No	No
Time FE	Yes	Yes	No	No
Industry x Time FE	No	No	Yes	Yes
State FE	No	No	Yes	Yes
Observations	8337	7549	7506	6933
R^2	0.100	0.124	0.163	0.158

Appendix

Textual analysis

Our raw universe consists of 2021–2023 earnings calls transcripts for all U.S. listed firms. We first screen the file metadata to isolate the managerial voice: rows with speakertypename = Executives, keydeveventtypename = Earnings Calls, transcriptpresentationtypename = Final, and transcriptcomponenttypename = Answer are retained, while analyst questions and earlier draft versions are discarded. We then collapse each call to one document by concatenating the cleaned answer segments (componenttext) within a transcriptid. Finally, to focus the classifier on relevant passages, we restrict the sample to calls that contain the token inflation (case–insensitive).

Each document is passed to GPT-4o (or GPT-5-nano; Mistral Large; Llama 3.2) via the OpenAI API, or using Hugging Face inference points for Llama 3.2, with the following prompt :

" The following text is an excerpt from a company's earnings call transcript. You are a finance expert. Based on this text, please answer the following question. Does the firm believe inflation is transitory (or temporary) or persistent? There are three choices: Transitory, Persistent, unsure. Please select one of the above three choices for the excerpt and provide a one-sentence explanation of your choice. If no relevant information is provided related to the question, answer "no information is provided."

Here is the text for extraction: text

Please return the results in the following format: transcriptid: the ID of the transcript choice: one of the three choices (Transitory, Persistent, unsure) explanation: a one-sentence explanation for the choice."

The model's reply is parsed into a tidy data frame containing transcriptid, companyid,

the call headline, the categorical Choice, and the model's free-form Explanation. Calls are processed in batches of 5,000.

To assess the robustness of the main results to the prompt, the following instruction is given for Table A3:

" The text below is from a company's earnings call. Assume the role of a financial analyst. Determine the company's stated view about inflation dynamics. Specifically, does the firm characterize inflation as transitory (short-lived/temporary), persistent (long-lasting), or is the view uncertain? If the excerpt does not contain relevant information, respond with "no information is provided."

Text for evaluation: text

Return the result in the following format:

transcriptid: [ID of transcript] choice: Transitory — Persistent — unsure — no information is provided explanation: [one-sentence justification of the choice] "

Bag-of-Words Measure

As an additional robustness check, we classify each transcript using a bag-of-words approach following Hassan et al. (2019). For each transcript, we count phrase matches against two predefined lexicons (transitory and persistent), normalize by total word count ($\times$100,000), and assign the label with the higher score. Phrase matches in negated contexts are routed to the opposing category: negated transitory phrases (e.g., *inflation is not moderating*) count toward the persistent score, and negated persistent phrases count toward the transitory score. Transcripts with no matches in either lexicon are labeled no information and coded as zero in the regressions. The complete phrase patterns are listed below.

Transitory patterns (23):

(1) transitory/temporary/transient inflation (or inflationary pressures/price pressures)

(2) inflation is/was transitory/temporary/transient

(3) inflation moderating/easing/cooling/softening/declining/receding

(4) price/pricing/cost/wage/labor pressures easing/moderating/softening/declining/cooling

(5) inflation normalizing/returning to normal

(6) supply-chain inflation normalizing/easing/improving

(7) inflation has peaked/rolled over/rolled back

(8) price/cost inflation has peaked/rolled over/rolled back

(9) disinflation (and variants)

(10) deflationary

(11) inflation coming down/moving lower/trending down

(12) inflation headwinds easing/abating

(13) deceleration in inflation

(14) less/fewer/significantly less price increases

(15) lower inflation

(16) inflation to moderate

(17) decline in inflationary pressures

(18) lower inflationary pressures

(19) temporary de-anchoring

(20) inflation cooled/stabilised

(21) one-time price increase

(22) inflation to decline

(23) deceleration in the sequential rate of inflation

Persistent patterns (31):

(1) persistent/sticky/structural/entrenched/embedded/ingrained/enduring inflation

(or inflationary pressures/price pressures)

(2) inflation is/was/remains persistent/sticky/structural/entrenched/embedded

(3) sustained/prolonged/protracted/ongoing/durable inflation (or inflationary pressures/price pressures)

(4) inflation remains/stays/continues elevated/high

(5) price/cost inflation remains/continues elevated/high/sticky

(6) inflation is/was the new normal/here to stay/baked-in

(7) deep-rooted inflation (or inflationary pressures)

(8) input/commodity/raw-material inflation remains/continues elevated/persistent/sticky

(9) wage inflation remains/continues elevated/persistent/sticky/strong

(10) inflation is/was higher for longer

(11) stubborn (standalone word)

(12) has not/did not come down

(13) higher than (we) anticipated

(14) particularly acute

(15) persistent inflation

(16) inflation persists

(17) elongated period

(18) continued inflation

(19) ongoing inflation

(20) sustained high inflation

(21) stay higher for longer

(22) expect inflation to persist

(23) inflation/environment is/remains very inflationary

(24) costs/inflation have remained/continue high

(25) inflation is/remains a stubborn force/persistent/elevated

(26) anticipate this to continue well into

(27) high inflationary environment to continue

(28) inflation rate to be higher

(29) higher cost of goods due to inflation

(30) elevated levels of/inflation/cost inflation

(31) inflation/cost/gross margin pressure(s)

Negated-transitory phrases (6; count toward persistent score):

(1) not moderating/easing/cooling/softening/declining/receding/normalizing/peaked/coming down/abating

(2) inflation not moderating/easing/cooling/softening/declining/receding

(3) price/cost pressures not easing/moderating/softening/declining/cooling

(4) not transitory/temporary/transient/one-time

(5) inflation not cooled/stabilised/slowed down

(6) not declining/moderating/decelerating

Negated-persistent phrases (5; count toward transitory score):

(1) not persistent/sticky/structural/entrenched/embedded/elevated/high

(2) inflation not persistent/sticky/structural/entrenched/embedded

(3) inflation not remaining/staying/continuing elevated/high

(4) not worsened/persisted/challenging/elevated/ongoing/sustained

(5) not very inflationary/stubborn/acute

Variable definition

- **Transitory** : dummy that equals 1 when the firm's quarterly earnings-call sentences about inflation are classified as "*transitory*", 0 otherwise (if GPT believes it is persistent or unsure).

- **Mentions inflation** : dummy that equals 1 if the firm's quarterly earnings-call mentions inflation.
- **EBITDA** : operating income before depreciation (OIBDPQ).
- **Net-debt ratio** :
$$\frac{\texttt{NETDLTIS} - \texttt{NETDLTR}}{\texttt{ATQ}_{t-1}}.$$
- **Cash ratio**: $\texttt{CHEQ}_t/\texttt{ATQ}_t$.
- **Firm size** : $\ln(\texttt{ATQ}_t)$.
- **Quarterly stock return** : compounded CRSP holding-period return (including distributions) over the firm's fiscal quarter.
- **Foreign-sales share** : Foreign segment $\text{sales}_t/\texttt{SALEQ}_t$.
- **Kaplan–Zingales index** (KZ):
$$-1.002\frac{\texttt{NIQ}}{\texttt{ATQ}_{t-1}} - 39.368\frac{\texttt{DIV}}{\texttt{ATQ}_{t-1}} - 1.315\frac{\texttt{CHEQ}}{\texttt{ATQ}_t} + 3.139\frac{\texttt{DLTTQ} + \texttt{DLCQ}}{\texttt{ATQ}_t}.$$
- **Change in short-term debt** : $(\texttt{DLCQ} - L.\texttt{DLCQ})/\texttt{ATQ}_{t-1}$.
- **Change in long-term debt** : $(\texttt{DLTTQ} - L.\texttt{DLTTQ})/\texttt{ATQ}_{t-1}$.
- **Employment growth, %**: $100 \times (\texttt{EMP}_t - \texttt{EMP}_{t-1})/\texttt{EMP}_{t-1}$.
- **Labour-market tightness** : ratio of job openings to unemployed persons, jobopeninglevel/une
- **Job openings level** : seasonally-adjusted number of vacancies (BLS JOLTS), thousands.
- **State-level unemployment** : CPS measure of unemployed persons, thousands.
- **CEO-age dummies**
  - CEO age < 55;
  - CEO age > 70.
- **Political affiliation** (avgpolitics):
$$\text{avgpolitics}_{i,t} \;=\; \frac{1}{n_{i,t}} \sum_{e=1}^{n_{i,t}} \text{Politics}_{e,i,t},$$

where executives e are linked to each firm–year (i, t) via `EXECID`–`GVKEY`. The underlying `Politics` score equals $+1$ for Republican-leaning, -1 for Democrat-leaning, and 0 for non-partisan/other, based on Federal Election Commission contribution data in the Christensen, Floyd, and Liu *Political Ideology* dataset[12]. Higher values of `avgpolitics` therefore denote a more Republican-oriented top-management team.

[12] `https://sites.google.com/view/danechristensen/data/political-ideology-data` (Christensen et al. 2015; Graffin et al. 2020)

Table A1. Average Proportion of Transitory Inflation Views by State

This table presents the average proportion of transitory inflation views by U.S. state, expressed as a percentage. These values are derived from earnings call narratives on inflation, scaled by 100 for readability. Only valid U.S. states are included.

	Transitory Inflation View
State	*Mean*(%)
AL	21.154
AR	4.918
AZ	12.987
CA	14.640
CO	16.897
CT	10.902
DC	22.857
DE	24.490
FL	10.638
GA	12.913
HI	7.143
IA	5.263
ID	17.143
IL	12.762
IN	14.189
KS	2.703
KY	21.053
LA	10.638
MA	13.688
MD	13.636
MI	10.363
MN	12.745
MO	20.472
MS	5.556
MT	10.000
NC	14.231
NE	10.811
NH	17.241
NJ	17.671
NV	16.250
NY	10.505
OH	12.016
OK	12.121
OR	14.634
PA	15.892
PR	7.692
RI	21.429
SC	18.868
TN	18.947
TX	14.984
UT	8.974
VA	13.834
WA	13.548
WI	12.727
WV	25.000

Table A2. Inflation Views in Earnings Calls and State-level Labor Market Tightness: Robustness

This table presents estimates from panel regressions of transitory inflation expectations (excluding unsure categories) on the number of job openings divided by the number of unemployed individuals at the state level in quarter t from the Local Area Unemployment Statistics. Panel A presents results using alternative classifiers. Columns (1) to (3) use GPT-5, Mistral Large, and Llama 3.2, respectively. Column (4) uses the baseline GPT-4o measure. Column (5) uses a version of GPT-4o with a prompt restricting the model to pre-2020 knowledge. Panel B restricts the sample to subcategories of firms. Column (6) excludes firms in the top decile of assets, Column (7) excludes firms in the top decile of employment, Column (8) excludes firms with foreign sales, Column (9) restricts to nontradable sectors, Column (10) excludes financial firms, and Column (11) excludes firms with high share turnover. Controls include Capex over assets (*100), EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock return (*100), Kaplan Zingales index, CEO age, and the logarithm of assets. Industry fixed effects are coded according to the 74 GICS industries. Standard errors, clustered by quarter in Panel A and by state in Panel B, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

	Panel A: Alternative Models				
	(1)	(2)	(3)	(4)	(5)
V/U	-0.062**	-0.062**	-0.062**	-0.062**	-0.098**
	(0.024)	(0.024)	(0.024)	(0.024)	(0.032)
Capex/Assets	-0.003	-0.003	-0.003	-0.003	0.002
	(0.011)	(0.011)	(0.011)	(0.011)	(0.010)
EBITDA/Assets	-0.003	-0.003	-0.003	-0.003	-0.002
	(0.002)	(0.002)	(0.002)	(0.002)	(0.003)
Net Debt/Assets	0.003*	0.003*	0.003*	0.003*	0.002
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Cash/Assets	-0.070	-0.070	-0.070	-0.070	-0.107
	(0.051)	(0.051)	(0.051)	(0.051)	(0.103)
log(Assets)	-0.004	-0.004	-0.004	-0.004	-0.011
	(0.007)	(0.007)	(0.007)	(0.007)	(0.006)
Ret	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
KZ	0.004	0.004	0.004	0.004	0.012
	(0.008)	(0.008)	(0.008)	(0.008)	(0.012)
CEO Age < 55	0.004	0.004	0.004	0.004	0.034
	(0.017)	(0.017)	(0.017)	(0.017)	(0.020)
CEO Age > 70	-0.015	-0.015	-0.015	-0.015	-0.006
	(0.020)	(0.020)	(0.020)	(0.020)	(0.024)
Model	GPT-5	Mistral	Llama 3.2	GPT-4o	Prompt Cutoff
Subsample	All	All	All	All	All
Industry x Time FE	Yes	Yes	Yes	Yes	Yes
State FE	Yes	Yes	Yes	Yes	Yes
Observations	4544	4544	4544	4544	2985
R^2	0.095	0.095	0.095	0.095	0.118

Table A2. Inflation Views in Earnings Calls and State-level Labor Market Tightness: Robustness (Continued)

	Panel B: Subsamples					
	(6)	(7)	(8)	(9)	(10)	(11)
V/U	-0.034**	-0.031*	-0.047**	-0.052*	-0.033**	-0.028*
	(0.016)	(0.017)	(0.021)	(0.026)	(0.015)	(0.014)
Capex/Assets	-0.001	0.002	0.008	0.005	-0.001	-0.004
	(0.004)	(0.004)	(0.006)	(0.011)	(0.005)	(0.006)
EBITDA/Assets	-0.003*	-0.002	-0.003*	-0.002	-0.002	-0.002
	(0.002)	(0.002)	(0.002)	(0.005)	(0.002)	(0.002)
Net Debt/Assets	0.003	0.002	0.003	0.001	0.003**	0.002
	(0.002)	(0.002)	(0.003)	(0.003)	(0.001)	(0.002)
Cash/Assets	-0.104**	-0.093*	-0.129**	-0.145	-0.075	-0.083
	(0.046)	(0.053)	(0.060)	(0.105)	(0.045)	(0.051)
log(Assets)	-0.005	-0.012**	-0.004	0.002	-0.006	-0.004
	(0.005)	(0.005)	(0.005)	(0.007)	(0.004)	(0.004)
Ret	0.000	0.000*	0.000	0.000	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
KZ	-0.000	0.001	0.016	0.003	0.003	0.003
	(0.007)	(0.008)	(0.013)	(0.016)	(0.007)	(0.008)
CEO Age < 55	0.005	0.020	0.012	-0.009	-0.003	-0.003
	(0.021)	(0.019)	(0.034)	(0.053)	(0.016)	(0.018)
CEO Age > 70	-0.016	-0.007	0.006	0.008	-0.024**	-0.019*
	(0.012)	(0.011)	(0.014)	(0.025)	(0.011)	(0.011)
Model	GPT-4o	GPT-4o	GPT-4o	GPT-4o	GPT-4o	GPT-4o
Subsample	w/o Large	w/o High emp.	w/o Foreign	w/o Tradables	w/o Financials	w/o High Share Turn.
Industry x Time FE	Yes	Yes	Yes	Yes	Yes	Yes
State FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	5995	5266	2928	2263	6264	6696
R^2	0.063	0.076	0.110	0.140	0.057	0.065

Table A3. Inflation Views in Earnings Calls and State-level Labor Market Tightness: Prompt Sensitivity

This table presents estimates from panel regressions of transitory inflation expectations, obtained from an alternative prompt, on the number of job openings divided by the number of unemployment individuals at the state-level in quarter t from the Local Area Unemployment Statistics. Controls include Capex over assets (*100), EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock return (*100), foreign sales share, Kaplan Zingales, CEO age, and the logarithm of assets. Industry fixed effects are coded according to the 74 GICS industries. Standard errors, clustered by state, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

	Transitory				
	(1)	(2)	(3)	(4)	(5)
V/U	-0.007	-0.005	-0.010	-0.036***	-0.039***
	(0.007)	(0.008)	(0.007)	(0.012)	(0.013)
Capex/Assets		0.003	0.002	0.003	0.001
		(0.003)	(0.003)	(0.003)	(0.004)
EBITDA/Assets		-0.001	-0.001	-0.001*	-0.002*
		(0.001)	(0.001)	(0.001)	(0.001)
Net Debt/Assets		0.002	0.002	0.002	0.001
		(0.001)	(0.001)	(0.001)	(0.001)
Cash/Assets		0.002	-0.002	0.001	-0.013
		(0.025)	(0.028)	(0.030)	(0.030)
log(Assets)		0.001	0.001	0.001	-0.001
		(0.002)	(0.002)	(0.002)	(0.003)
Ret		0.000	0.000	-0.000	-0.000
		(0.000)	(0.000)	(0.000)	(0.000)
KZ					0.004
					(0.006)
CEO Age < 55					0.019
					(0.013)
CEO Age > 70					-0.011
					(0.009)
Industry FE	Yes	Yes	No	No	No
Time FE	Yes	Yes	No	No	No
Industry x Time FE	No	No	Yes	Yes	Yes
State FE	No	No	No	Yes	Yes
Observations	8675	7808	7794	7793	7181
R^2	0.020	0.022	0.046	0.055	0.058

Table A4. Inflation Views in Earnings Calls and State-level Labor Market Tightness: Bag-of-Words Measure

This table presents estimates from panel regressions of a transitory inflation indicator constructed using the Hassan et al. (2019) bag-of-words approach on the number of job openings divided by the number of unemployed individuals at the state-level in quarter t from the Local Area Unemployment Statistics. The dependent variable equals one if the bag-of-words score assigns a transitory label and zero otherwise (including unsure as zero). Controls include Capex over assets (*100), EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock return (*100), Kaplan-Zingales index, CEO age dummies, and the logarithm of assets. Industry fixed effects are coded according to the 74 GICS industries. Standard errors, clustered by state, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

	Transitory (BoW)				
	(1)	(2)	(3)	(4)	(5)
V/U	0.004	0.005	-0.000	-0.015*	-0.015*
	(0.004)	(0.004)	(0.004)	(0.008)	(0.008)
Capex/Assets		-0.253	-0.231	-0.211	-0.191
		(0.192)	(0.178)	(0.171)	(0.175)
EBITDA/Assets		0.064	0.064	0.044	0.028
		(0.063)	(0.065)	(0.068)	(0.082)
Net Debt/Assets		0.049	0.026	0.034	0.039
		(0.064)	(0.065)	(0.065)	(0.072)
Cash/Assets		0.006	0.002	0.008	0.009
		(0.015)	(0.014)	(0.015)	(0.020)
log(Assets)		0.006***	0.005***	0.005***	0.006***
		(0.002)	(0.002)	(0.002)	(0.002)
Ret		-0.003	0.007	0.006	0.009
		(0.012)	(0.011)	(0.010)	(0.010)
KZ					-0.002
					(0.004)
CEO Age below 55					-0.003
					(0.007)
CEO Age above 70					-0.020*
					(0.010)
Industry FE	Yes	Yes	No	No	No
Time FE	Yes	Yes	No	No	No
Industry x Time FE	No	No	Yes	Yes	Yes
State FE	No	No	No	Yes	Yes
Observations	8681	7814	7800	7799	7187
R^2	0.033	0.038	0.061	0.066	0.072

Table A5. Inflation Views in Earnings Calls and State-level Labor Market Tightness: Controlling for Regional Prices

This table presents estimates from panel regressions of transitory inflation expectations, obtained from an alternative prompt, on the number of job openings divided by the number of unemployment individuals at the state-level in quarter t from the Local Area Unemployment Statistics. Controls include Regional (state-level) Price Parities from the BEA, Capex over assets (*100), EBITDA over assets (*100), net debt over assets (*100), cash over assets, quarterly stock return (*100), foreign sales share, Kaplan Zingales, CEO age, and the logarithm of assets. Industry fixed effects are coded according to the 74 GICS industries. Standard errors, clustered by state, are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

	Transitory				
	(1)	(2)	(3)	(4)	(5)
V/U	-0.011	-0.011	-0.015*	-0.036***	-0.039***
	(0.007)	(0.008)	(0.008)	(0.012)	(0.013)
Regional Prices	-0.001	-0.001	-0.001	0.012***	0.013***
	(0.001)	(0.001)	(0.001)	(0.004)	(0.005)
Capex/Assets		0.003	0.002	0.003	0.001
		(0.003)	(0.003)	(0.003)	(0.004)
EBITDA/Assets		-0.001	-0.001*	-0.001*	-0.002*
		(0.001)	(0.001)	(0.001)	(0.001)
Net Debt/Assets		0.002	0.002	0.002	0.001
		(0.001)	(0.001)	(0.001)	(0.001)
Cash/Assets		0.008	0.006	-0.001	-0.015
		(0.027)	(0.029)	(0.030)	(0.030)
log(Assets)		0.001	0.001	0.001	-0.001
		(0.002)	(0.002)	(0.002)	(0.003)
Ret		-0.000	-0.000	-0.000	-0.000
		(0.000)	(0.000)	(0.000)	(0.000)
KZ					0.004
					(0.006)
CEO Age < 55					0.019
					(0.013)
CEO Age > 70					-0.011
					(0.009)
Industry FE	Yes	Yes	No	No	No
Time FE	Yes	Yes	No	No	No
Industry x Time FE	No	No	Yes	Yes	Yes
State FE	No	No	No	Yes	Yes
Observations	8675	7808	7794	7793	7181
R^2	0.020	0.022	0.046	0.056	0.059