**Supplemental materials (Appendix figure, table and note)**

**Appendix Table 1. Article-level result (top and bottom Latent Semantic Scaling scores)**

 

Source: Authors’ calculations.

**Appendix Figure 1. Word-level polarity**



Source: Authors’ calculations.

**Appendix Figure 2. Latent Semantic Scaling score correlation**



Note: The monthly correlation coefficient is −0.05, and the quarterly correlation coefficient is −0.09.

**Appendix Figure 3. Latent Semantic Scaling score distribution by leader**



Source: Authors’ calculations.

**Appendix Notes on Firm-level Data and Estimation**

The firm-level financial data in Table 4 were obtained from the China Stock Market & Accounting Research Database, which covers the first quarter of 2013 to the fourth quarter of 2019 (28 quarters in total). Data include listed firms in manufacturing sectors and exclude the financial, real estate and other non-manufacturing sectors, because the practices of firms significantly differ across sectors. We first exclude listed firms with abnormal financial conditions that received special treatment shares according to the stock listing rules. Furthermore, for inclusion in the estimation, a firm must exhibit missing observations for at least two years (eight quarters). We drop the top and bottom 1 per cent values of continuous variables to reduce the impact of outliers. Following these cleaning procedures, we obtain 2,190 unique firms with more than 40,000 firm-quarter observations for the entire period.

The calculated SMO for Xi and Li Keqiang is used to estimate the impact on firm investment behaviours. As a baseline, we adopt the model used by Gulen and Ion (2016) as follows:

$$\frac{Inv\_{i, t}}{TA\_{i, t-1}}=α\_{i}+β\_{1}log⁡(Xi\\_Li\\_Gap\_{t-1})+β\_{2}TQ\_{i, t-1}+β\_{3}\frac{CF\_{i, t}}{TA\_{i, t-1}}+β\_{4}SG\_{i, t}+δGR\_{t}+QRT\_{t}+ε\_{it}$$

where *i* indexes firms and *t* indexes calendar quarters. The dependent variable $\frac{Inv\_{i, t}}{TA\_{i, t-1}}$ is the firm-level capital investment rate, where $Inv\_{i, t}$ is firm *i*’s capital investment during period *t* normalized by total assets (*TA*) during the previous period, *t* − 1. Capital investment is a firm’s cash payments for acquiring and constructing fixed, intangible and other long-term assets. We exclude interest on debts raised for the acquisition and construction of fixed assets and the rental for fixed assets under a finance lease.

The key variable, $Xi\\_Li\\_Gap\_{t-1}$ is calculated by Xi’s score minus Li’s score at time *t* − 1. We controlled for several financial and macroeconomic factors, such as Tobin’s Q (*TQ*), operating cash flow (*CF*), sales growth (*SG*) and GDP growth rate (*GR*). Specifically, *TQ* is measured as market value of equity + book value of assets − book value of equity + deferred taxes / book value of assets. *CF* is operating cash flow scaled by *TA*, while *SG* is calculated as the year-on-year growth in quarterly sales, controlling for investment opportunities. *GR* is the year-on-year real GDP growth rate. Additionally, $α\_{i}$ is the firm fixed effects, and *QRT* contains a set of quarterly dummy variables to control for capital investment seasonality. We cannot control for time fixed effects, because they are collinear with the *Xi\_Li\_Gap* index, the key variable. Following Gulen and Ion (2016), standard errors are clustered at the quarter and firm-levels to correct for potential cross-sectional and serial correlations in the error term. The results are robust to standard errors clustered at the year-quarter level and are available upon request.