

In first essay, we investigate the evolution of monetary policy transmission mechanism in the Czech Republic over 1993:1 - 2009:9 period by employing time varying parameters Bayesian vector autoregression model with stochastic volatility. We document relative stability of monetary policy transmission mechanism over time. However, there is some evidence that the transmission to prices was weakened temporarily during the climax of the financial crisis, but appear to be back to its pre-crisis strength already in the second half of 2009. Further, we augment the estimated system with a financial variable to investigate the significance of financial shocks for the transmission. The results suggest that financial shocks indeed play relatively important role in explaining the fluctuations of the output and prices.

Second essay presents a meta-analysis of the effects of a monetary policy shock on prices. First, we present some summary statistics that document the pervasiveness of the price puzzle, which denotes an increase in the price level following a contractionary monetary policy shock, in the results of empirical studies. Next, using meta-regression methods such as funnel asymmetry test, we find the evidence of publication selection bias that increases with the horizon studied. Finally, we use explanatory meta-regression to model the heterogeneity among the results of empirical studies. Our results indicate that structural characteristics matter for the long run horizons, while the study design and estimation characteristics are more important for the estimates of short run responses, suggesting that the model misspecification is responsible for the price puzzle.