Abstract

This thesis investigates monetary transmission asymmetries in CEE region. The first part addresses the role of credit growth in monetary transmission in the Czech Republic. Employing Logistic Smooth Transition Vector Autoregression model over the 1998:M1-2012:M3 period, we find that high credit growth dampens the effectiveness of monetary policy. No asymmetries in relative effects of contractionary and expansionary monetary policy shocks have been documented. In the second part, we apply the variation of Panel VAR to examine the role of financial structure in monetary transmission. The analysis is conducted on a sample of eight CEE states, encompassing the 1999:Q1-2009:Q4 period. Higher credit dependence is found to enhance the interest rate pass-through. However, cross-country asymmetries vanish when the credit dependence is interacted with the measure of banking sector competition. The ultimate role of financial structure in output and price fluctuations is indeterminable.