

Abstract

In this thesis we examine the macroeconomic interactions of unconventional monetary policy introduced by European Central bank during crisis by estimating a panel vector autoregression. We study impact of such policies using monthly data from 13 Central and Eastern European countries within seven-year period from 2008 to 2014. We find a positive reactions of output and prices to expansionary unconventional monetary policy shock. Our results provide evidence that decrease in shadow policy rate of ECB leads to rise in output as well as temporary rise in inflation, however, the effect on inflation is weaker and less persistent. We also find that unconventional monetary policy positively influences market uncertainty, but we do not find any significant effect on exchange rates. Individual country estimates suggest that the reaction of exchange rates to non-standard monetary policy shock significantly vary across countries.