

Monetary policy approaches at the ZLB to solve post-crisis situation and their effectiveness

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Abstract

This thesis describes monetary policy tools implemented by central banks whose main monetary policy rates at some point after 2008 global economic crisis hit the zero lower bound. Central banks considered in this study are the Fed, the ECB, the SNB and the CNB. A smaller effectiveness analysis of the macroeconomic effects using a simple vector autoregressive (VAR) model is provided as well. The model is inspired by similar study of Gambacorta *et al.* (2012). With the use of monthly data over the sample period, the VAR tries to quantify the impact an increase in a central bank's balance sheet has on the main economic indicators—real output, consumer prices and implied volatility indices in the financial markets. Some of the results are comparable to those of the reference study mentioned above. This applies to the output results in a sense that the balance sheet shock has a slightly significant temporary effect on it. On the contrary, responses of the implied volatility indices and prices are less significant (or insignificant) and not at all comparable with the reference study. With some exceptions, there are no major discrepancies between individual country results in spite of different monetary policies adopted.