

Abstract

The paper analyzes the wide-economy impacts of the European Central Bank Expanded Asset Purchase Programme (ECB EAPP). The paper investigates the effects of the balance sheet change as well as the latent nature of unconventional policy tools and analyzes the effects by two distinct models, the Structural Vector Autoregressive (S-VAR) and Factor-Augmented VAR (FA-VAR). The paper further discusses the transmission channels of the monetary policy. The paper finds that the effect on the economy is materialized. The paper shows that the major channel of ECB unconventional policies on the real economy is driven by the response of nominal exchange rate and decline of interest rates.