Monetary Transmission in Diverse Economies

The transmission mechanism of monetary policy explains how monetary policy works – which variables respond to interest rate changes, when, why, how, how much and how predictably. It is vital that central banks and their observers, worldwide, understand the transmission mechanism so that they know what monetary policy can do and what it should do to stabilise inflation and output. The volume sets out different aspects of the transmission mechanism. Some chapters scrutinise the relevance of practical issues such as asymmetries, recent structural changes and estimation errors using data on the USA, the euro area and developing countries. Other chapters focus on modelling crucial aspects such as productivity, the exchange rate and the monetary sector. These issues are counterpointed by contributions that analyse contemporary monetary policy in Japan and the UK.

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Monetary Transmission in Diverse Economies

Edited by

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