

Course Code	Course Name	Semester	Theory	Practice	Lab	Credit	ECTS
ECON444	Macroeconometric Applications on Monetary Policy	6	3	0	0	3	6

Prerequisites

Admission Requirements

Language of Instruction French

Course Type Elective

Course Level Bachelor Degree

Objective

This course is designed to expose students the problems that affect the performance of monetary policies and to apply different macro econometric methods to measure the effectiveness of monetary policies and to analyze empirically the factors that can disrupt this effectiveness.

Content

The main objective of monetary policies is to assure the price stability by inflation-unemployment arbitrage. Otherwise, the performance of monetary policies depends on the level of credibility and a problem of credibility can result from a time inconsistency. That's why, the credibility will be analyzed and measured at first. The success and effectiveness of monetary policies are also linked to the choice of policy instruments and the timely and effective use of these instruments. Central banks summarize through which channels policy instruments influence macroeconomic variables, in the transmission mechanism. The expectations channel and its effectiveness will be discussed based on the time series analysis. The 2008 crisis showed that discretion was unable to assure financial stability and then the unconventional policies replaced traditional monetary policies by an inflation-financial stability arbitrage. These policies will be investigated as well and the effectiveness of macroprudential policy instruments will be measured within the framework of VAR analysis and ARCH-GARCH and VECM models.

References

Theory Topics

Week

Weekly Contents

- 1 Introduction: Monetary Policy
- 2 Monetary Policy and Expectations: Expectations Channel in the Transmission Mechanism
- 3 Monetary Policy and Expectations: Empirical Analysis
- 4 Monetary Policy and Expectations: Empirical Analysis
- 5 Monetary Policy and Expectations: Application on Stata
- 6 Presentations
- 7 Arbitrage on inflation-unemployment: Time inconsistency; why a source of the problem of credibility?
- 8 Arbitrage on inflation-unemployment: How to measure the credibility?
- 9 Arbitrage on inflation-unemployment: Application on Stata
- 10 Presentations
- 11 Arbitrage on inflation-financial stability: Unconventional Monetary Policy
- 12 Arbitrage on inflation-financial stability: Effectiveness of macro prudential policy
- 13 Arbitrage on inflation-financial stability: Application on Stata
- 14 Application on Stata