Economic Uncertainty and the Influence of Monetary Policy

Knut Are Aastveit, Gisle James Natvik, Sergio Sola

Norges Bank, Norway; BI Norwegian Business School, Norway; International Monetary Fund

Abstract

This paper explores if economic uncertainty alters the macroeconomic influence of monetary policy. We use several measures of U.S. economic uncertainty, and estimate their interaction with monetary policy shocks as identified through structural vector autoregressions. We find that U.S. monetary policy shocks affect economic activity less when uncertainty is high, in line with “real-option” effects from theory. Holding uncertainty constant, the effect on investment is approximately halved when uncertainty is in its top instead of its bottom decile.

JEL-codes: E30, E32, E37, E92

Keywords: Uncertainty, Monetary Policy, Structural VAR

The authors gratefully acknowledge comments and suggestions from the editor, two anonymous referees, Scott Baker, Nicholas Bloom, Giovanni Caggiano, Fabio Canova, Efrem Castelnovo, Herman van Dijk, Silvia Domit, Alfonso Irarrazabal, Kevin Lansing, Francesco Ravazzolo, Dagfinn Rime, Ine van Robays, Chris Sims, Anders Vredin, Cynthia Wu, Fredrik Wulfsberg and Tony Yates as well as seminar and conference participants at the 2013 BMRC-QASS Conference, the 2013 Conference of the Canadian Economic Association, NASM 2013, ESEM 2013, the Bank of England, University of Padova and Norges Bank. We are also grateful to Cynthia Wu for providing us with the shadow rate series constructed in Wu and Xia [48]. This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors. Sergio Sola thanks Norges Bank for hosting him on its phd-internship program when this project was initiated. The views expressed in this paper are those of the authors and cannot be attributed to the IMF or Norges Bank.

Email addresses: knut-are.aastveit@norges-bank.no (Knut Are Aastveit), gisle.j.natvik@bi.no (Gisle James Natvik), SSola@imf.org (Sergio Sola)

Preprint submitted to Elsevier May 10, 2017
دریافت فوری متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات