

Macroeconomic effects of beyond quantitative and qualitative monetary easing

Junko Koeda¹

Waseda University

Abstract

We estimate a structural vector autoregressive model with an effective lower bound and exit conditions using Japanese data until end-2016. We find that since implementation of quantitative and qualitative monetary policy, the macroeconomic effects of “pure” quantitative easing have weakened but have been complemented by those of qualitative easing. Further, inflationary effects via the stock market have become more prominent. Our nonlinear counter-factual analyses show that loosening the exit condition on inflation is not necessarily contractionary.

Keywords: effective lower bound, quantitative and qualitative monetary policy, exit, structural vector autoregression, maximum likelihood

JEL classification: E58, E52, C32

¹ *Address for correspondence:* 1-6-1 Nishiwaseda, Shinjuku-ku, Tokyo 169-8050. *E-mail:* jkoeda@waseda.jp.
Homepage: <https://sites.google.com/site/junkokoeda/>.