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Discussion on "Measuring the effect of monetary policy: A tale from the unsecured and secured money market" by Zion Gorgi, Ronald Heijmans and Richard Heuver

13th Payment and Settlement System Simulator Seminar





Summary

- Studying the impact of the changes in the Eurosystem's monetary policy on secured and unsecured money markets

- Findings:
 - The introduction of 3-year Longer Term Refinancing Operations and the decrease of the OND rate to 0% clearly impacted secured and unsecured money market
 - There is a difference in impact of events on core and periphery



Comments

- An interesting and important research question
- A very thorough analysis of the data:
Eurosystem view and Core-Periphery view
- The results seem (mostly) intuitive and are in accordance with what would be expected



Questions

- You are using GC pooling data to describe the secured money market. How representative is this data of the whole secured money market? How representative is it of core vs. periphery countries? Could the choice of data source affect the results in some way?
- You have used data from June 2008 onwards. It could be interesting to see data from a longer time period before the crisis. Is there a specific reason for choosing this time period?



Questions

- You are looking at the impact of the changes in Eurosystem's monetary policy to secured and unsecured money markets by looking at some data on all three of them. Findings → causality?
 - Looking at the impact of other (more) events might increase the probability of “false positives”?

- Do you see some policy implications in these results?



Thank you!