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Evaluating Asset-Market Effects of Unconventional Monetary Policy: A Cross-Country Comparison*

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Abstract

This paper examines the effects of unconventional monetary policy by the Federal Reserve, Bank of England, European Central Bank and Bank of Japan on bond yields, stock prices and exchange rates. We use common methodologies for the four central banks, with daily and intradaily asset price data. We emphasize the use of intradaily data to identify the causal effect of monetary policy surprises. We find that these policies are effective in easing financial conditions when policy rates are stuck at the zero lower bound, apparently largely by reducing term premia.

JEL Classification: C22, E43, E48

Keywords: Large scale asset purchases, quantitative easing, zero bound, term premium.

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