

Discussion of
**Unconventional Monetary Policy in Emerging Markets
and Frontier Countries**

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The Paper

Goal

- ▶ Asses the effects of COVID-19 related conventional and **unconventional** monetary policy measures in small open AEs and EMDEs
- ▶ Analyze determinants of the effectiveness of these measures using cross country differences

Contribution

- ▶ Novel, detailed and extensive database of APP announcements in EMDEs
- ▶ Using event study and panel regressions the paper provides complementary and extensive additional evidence to literature on UMP in EMDEs

Findings

- ▶ UMP measures in EMDEs on average significantly helped easing financial conditions during COVID-19 crisis.
- ▶ Large cross country heterogeneity in estimated sign and magnitude
 - ▶ Significantly less effective when jointly announced with other governmental interventions
 - ▶ Larger announcement (as share of GDP) significantly less effective

Smaller and exclusive CB announcements have larger impacts?

The less the merrier? Three possible interpretations:

- ▶ **Outliers**

- ▶ Truncate the distribution or use robust regression methods (also show R^2 and n)

- ▶ **Scaling** by GDP potentially inappropriate

- ▶ Potentially scale by market depth or liquidity (data constraints?)

- ▶ Larger programs or joint announcements as a signal of worse than expected future (**information effects**)

- ▶ Purge announcements using HF movements of equity prices (Jarocinski & Karadi, 2020)

- ▶ Jointly identify information effects and monetary policy effects (Jarocinski & Karadi, 2020)

Summary

- ▶ Extensive summary and well crated analysis of COVID-19 related UMP in EMDEs
- ▶ Complementary and further evidence on effectiveness of APP programs for EMDEs
- ▶ Most notably: Large cross country heterogeneity → not all APPs are alike
- ▶ Smaller, more frequent announcements more effective than big, one time interventions?
- ▶ Database possibly offers insights into information effects of UMP (hot topic).
- ▶ APP possibly conventional policy in the future as many EMDEs not at ZLB?