

Group Project #6: European Monetary Policy

Revised: January 6, 2009

Submit via Blackboard by 9am April 14.

As Chief Economist for Euro Zone Markets in Deutsche Bank's London office, you have been asked to address your New York colleagues about monetary policy and interest rates in the Euro Zone: the countries of the European Union that have adopted the euro as their currency. Your US counterpart asks specifically that you comment on these issues:

- The Euro Zone: what countries does it include, and how do they collaborate in setting monetary policy?
- The European Central Bank (ECB): how do its mission and political mandate differ from that of the Federal Reserve?
- Economic conditions in the Euro Zone: inflation, employment, and output growth. NB: description only — no statistical work called for.
- The recent policy stance of the ECB: your sense of the likely impact of changes in inflation and growth on near-term ECB policy. The Taylor rule might be helpful here.
- Prospects for interest rates in the Euro Zone over the next 6-12 months.

Your report (5-page maximum) or slides (10-slide maximum) should reflect its professional audience in both content and presentation.

You start by putting together a collection of sources and links that might be helpful to your New York audience:

- Descriptions and comparisons of central bank policies and procedures:
 - From the ECB: [Monetary policy](#).
 - From the St Louis Fed: [A look inside two central banks](#)
 - From the BIS:
 - * [Comparing monetary policy procedures](#)
 - * [The Taylor rule in the Euro Zone](#)

- Data and commentary:
 - The ECB has a [data warehouse](#).
 - Data for the Euro Zone, as well as its members, is available from Eurostat, the EIU, and the OECD. NYU's [Virtual Business Library](#) has links to each.
 - From Professor Roubini's [RGE Monitor](#): current commentary (free registration with NYU IP address).