

DISCUSSION OF
"THE INTEREST RATE EFFECTS OF
GOVERNMENT BOND PURCHASES AWAY FROM
THE LOWER BOUND"
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WHAT HE DOES

- ▶ Want to understand the effect of central bank asset purchases when repo rate is not constrained
- ▶ Three main parts to the paper:
 1. Documents unconventional monetary policy in Sweden
 2. High frequency analysis of bond futures around announcements
 3. Term structure model + event study analysis on interest rates
- ▶ Nice paper. Careful data work addressing a very topic question

WHAT HE FINDS

- ▶ Bond purchases have important signaling and portfolio rebalancing effects:
 - ▶ Signaling effects move the middle part of the yield curve
 - ▶ Portfolio rebalancing moves the longer part
- ▶ Repo target + asset purchases can move entire yield curve
- ▶ Combination of conventional and unconventional is more expansionary

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- ▶ Information signaling?