

DISCUSSION OF
"THE INTEREST RATE EFFECTS OF
GOVERNMENT BOND PURCHASES AWAY FROM
THE LOWER BOUND"
BY RAFAEL B. DE REZENDE

Kurt Mitman

IIES, Stockholm University and CEPR

Nationell Konferens 2016
September 30, 2016

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?