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ANALYSIS OF THE MACROECONOMIC EFFECTS OF MONETARY POLICY SHOCKS IN THE EURASIAN ECONOMIC UNION

Abstract:

According to the Supreme Eurasian Economic Council ensuring macroeconomic sustainability was the priority direction of economic development of the Eurasian Economic Union (EAEU) until 2030. This implies the achievement of stability of macroeconomic indicators and predictability of economic and monetary policies. In this regard, it is necessary to assess the impact of monetary policy on maintaining economic growth and the development of economic integration.

The main objective of this work is to determine the monetary policy shock and to assess its impact on the main macroeconomic variables of the EAEU member countries. To assess the impact of monetary policy on the macroeconomic variables of countries was used the panel vector autoregression (PVAR) along with a system-generalized method of moment. To estimate the model was used quarterly data over the period 2006–2018 for five member countries.

The empirical results of the work show panel evidence on the macroeconomic impact of monetary policies of EAEU countries. Monetary policy shocks have a statistically significant effect on macroeconomic indicators. A positive shock of monetary policy leads to an increase in output, government spending, and further slowdown in price growth.

In continuation of this paper the indicator of integration and PVAR approach was used to assess the impact of monetary policy on strengthening the integration interaction within the EAEU. The results will be presented at the conference.

Keywords:

Monetary policy, integration, Eurasian Economic Union, Panel Vector AutoRegression (PVAR)

JEL Classification: C33, E52, F02