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Unconventional monetary policies and expectations  
on economic variables

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# UNCONVENTIONAL MONETARY POLICIES AND EXPECTATIONS ON ECONOMIC VARIABLES

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## Abstract

We investigate whether forward guidance and large scale asset purchases are effective in steering economic expectations in the US. Using the series of monetary policy shocks recovered in Swanson (2020), local projections, and an algorithm to select the best empirical model, we show that unconventional monetary policies are effective in tilting economic expectations in a direction consistent with central bankers' will. Our empirical findings provide two more insights: responses to LSAP shocks are stronger than those following a FG shock; responses to both types of policies are larger after contractionary shocks as compared to expansionary ones.

**JEL Classification:** E52, E44, E58.

**Keywords:** unconventional monetary policy, local projections, non-linearities.

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## Contents

1. Introduction.....	5
2. Data and estimation .....	9
2.1 A model for the transmission of shocks to expectations .....	10
2.2 Model-selection results for the linear case .....	13
3. Econometric results .....	14
3.1 Results: the linear case .....	15
3.2 Results: the non-linear case .....	15
3.2 Discretionary model selection .....	16
4. Robustness check .....	17
5. Concluding remarks and policy implications .....	18
References .....	20
Tables and figures.....	23

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