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PRESS RELEASE

BOOK PUBLICATION: “ENHANCING MONETARY ANALYSIS”

The European Central Bank (ECB) has today published a book entitled “Enhancing monetary analysis”, edited by Lucas Papademos, former Vice-President of the ECB, and Jürgen Stark, member of the Executive Board of the ECB. The book summarises the results of a research agenda pursued by Eurosystem staff to enhance the set of tools used to conduct the ECB’s monetary analysis and describes how these results are used to support the preparation of monetary policy decisions.

The book is in two main parts. The first part discusses the theoretical foundations of monetary analysis, explaining its prominent role in the ECB’s monetary policy strategy. It then describes how monetary analysis is conducted in practice at the ECB. The second part of the book summarises the main analytical results of recent Eurosystem research. The topics covered include: improved money demand models for the euro area; money-based indicator models for inflation; structural general equilibrium models with an active role for money and credit; the interrelationship between money and credit, on the one hand, and asset prices, on the other; and the scope for cross-checking the monetary analysis with the economic analysis using the flow-of-funds framework.

The results of the research programme support continuity in the overall approach to monetary analysis adopted by the ECB since the introduction of the euro in 1999. At the same time, they underpin the evolution of the toolbox used to conduct monetary analysis as new tools are developed and existing tools refined in the light of methodological progress and newly available data.

The publication of this book reflects the ECB’s desire to be transparent about the tools and models used to conduct monetary analysis in support of monetary policy decision-making.

The book can be downloaded in electronic form from the ECB’s website at www.ecb.europa.eu. Hard copies are available from the ECB’s Press and Information Division at the address indicated below.



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