

"Trusting the bankers - A new look at the credit channel of monetary policy"  
by Ciccarelli, Maddaloni, and Peydró

Discussant: Efrem Castelnuovo (Univ. of Padova)

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# What they do

- ▶ Disentangle **demand vs. supply credit mkt shocks**
- ▶ **Survey data**: loan demand changes, changes in lending stds due to i) variations in agents' net worth, ii) balance sheet capacity
- ▶ Stick this info in **recursive VARs**, different specifications

# Main findings

- ▶ Credit channel is **operational**
- ▶ Credit channel **amplifies macroeconomic responses to a mp shock**
- ▶ The crisis triggered **real effects** – **ECB's actions dampened the business cycle**

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  2. **IRFs comparisons**
  3. **"parsimonious" VAR**

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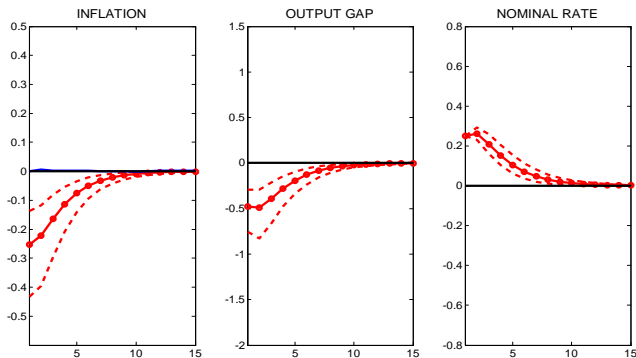
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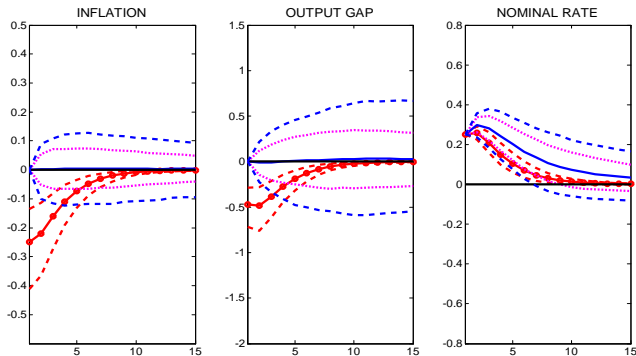
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- ▶ *Empirical* relevance? An experiment with U.S. data

# A DSGE model for the U.S. economy



# DSGE vs. Cholesky-VAR, MonteCarlo



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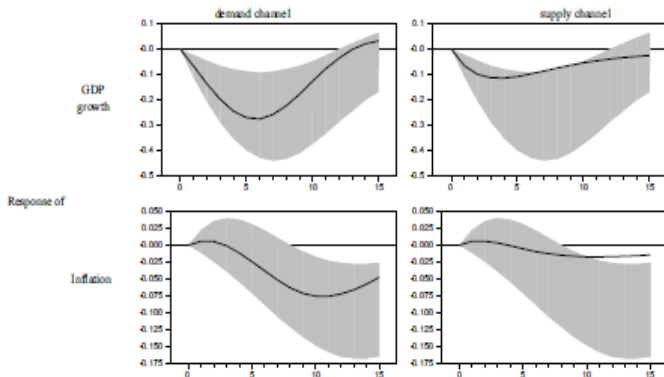
## Role of credit channel - claim

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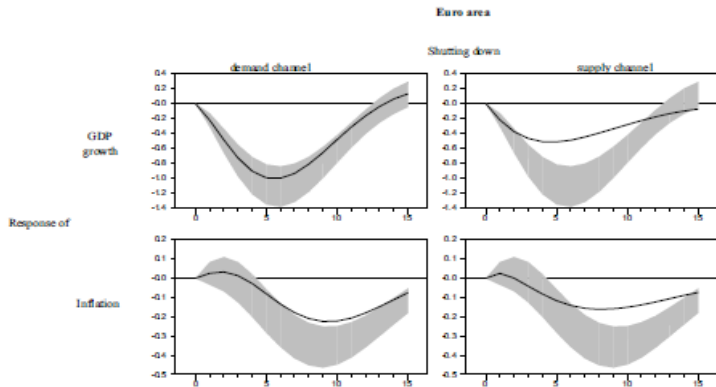
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- ▶ D, CD tests (Olivei and Teynero, 2010)

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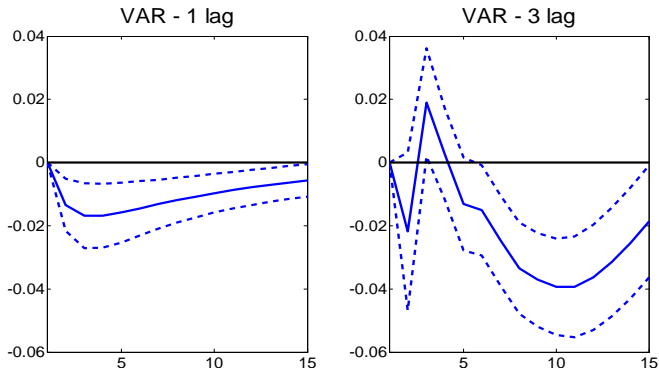
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- ▶ IRFs to a mp shock?

# Role of VAR lags - infl reaction to a mp shock



► **Optimal lag selection** needed

# Wrap up

- ▶ Disentangle credit demand vs. supply shocks - relevant for policymakers
- ▶ I would like to see ...

1. Alternative (non-recursive) identification strategies
2. Formal tests to compare IRFs
3. Optimal choice of the VAR lags

... in a revised version which I look forward to reading!