

1. Record Nr.	UNINA9910970437303321
Autore	N'Diaye Papa
Titolo	Countercyclical Macro Prudential Policies in a Supporting Role to Monetary Policy // Papa N'Diaye
Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2009
ISBN	9786612844515 9781462358786 1462358780 9781452709697 1452709696 9781282844513 1282844512 9781451874037 1451874030
Edizione	[1st ed.]
Descrizione fisica	1 online resource (36 p.)
Collana	IMF Working Papers
Disciplina	338.19234
Soggetti	Monetary policy Assets (Accounting) Accounting Asset prices Asset valuation Asset-liability management Banking Banks and Banking Banks and banking Banks Deflation Depository Institutions Finance Finance, Public Financial reporting, financial statements Financial Risk Management Financial statements Inflation International Financial Markets Macroeconomics Micro Finance Institutions Mortgages

Price Level	
Prices	
Public Administration	
Public Sector Accounting and Audits	
United States	
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	Description based upon print version of record.
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	Cover Page; Title Page; Copyright Page; Contents; I. Introduction; II. Overview of the CCA; III. Model Overview; A. Aggregate Demand Equation; B. Inflation; C. Core Inflation-Phillips curve; D. Okun's Law Relationship; E. Labor Income; F. Exchange Rate; G. Monetary Policy Rule; H. Yield Curve and Term Structure; I. Spreads and Balance Sheets; J. Uncertainty; K. Debt Dynamics; L. Financial Regulations; M. Equity; N. The Supply Side; IV. Illustrative Model Simulations; V. Conclusion; References; Footnotes
Sommario/riassunto	This paper explores how prudential regulations can support monetary policy in reducing output fluctuations while maintaining financial stability. It uses a new framework that blends a standard model for monetary policy analysis with a contingent claims model of financial sector vulnerabilities. The results suggest that binding countercyclical prudential regulations can help reduce output fluctuations and lessen the risk of financial instability. More specifically, countercyclical rules such as countercyclical capital adequacy rules, can allow monetary authorities to achieve the same output and inflation objectives but with smaller adjustments in interest rates. The countercyclical rules can help stem swings in asset prices, lean against a financial accelerator process, and thereby help to lower risks of macroeconomic and financial instability. In economies with fixed exchange rates, where countercyclical monetary policy is not possible, prudential regulations can provide a useful mechanism for mitigating a run-up in asset prices and for promoting output stability.