NATHAN GALLACHER

Unconventional Monetary Policy, Economics and Recessions

Company Overview

- Founded Dec 2019
- Consultancy
  - Specialises in delivery of analysis to enable customers to make informed investment decisions & deliver effective projects
- Core skills
  - Operational Research (OR), Cost Analysis, Systems Engineering, Approvals, P3M
- Sectors
  - Defence & Security
  - Space
  - Energy / Utilities
  - Nuclear
  - Transport

Offices:
- Portsdown Technology Park
- Business Cyber Centre, Chippenham
- Port Solent, Portsmouth – Sirius Digital

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Unconventional Monetary Policy: the Great Recession & Covid-19 Recession

WHAT'S THE LINK?

What is Economics?
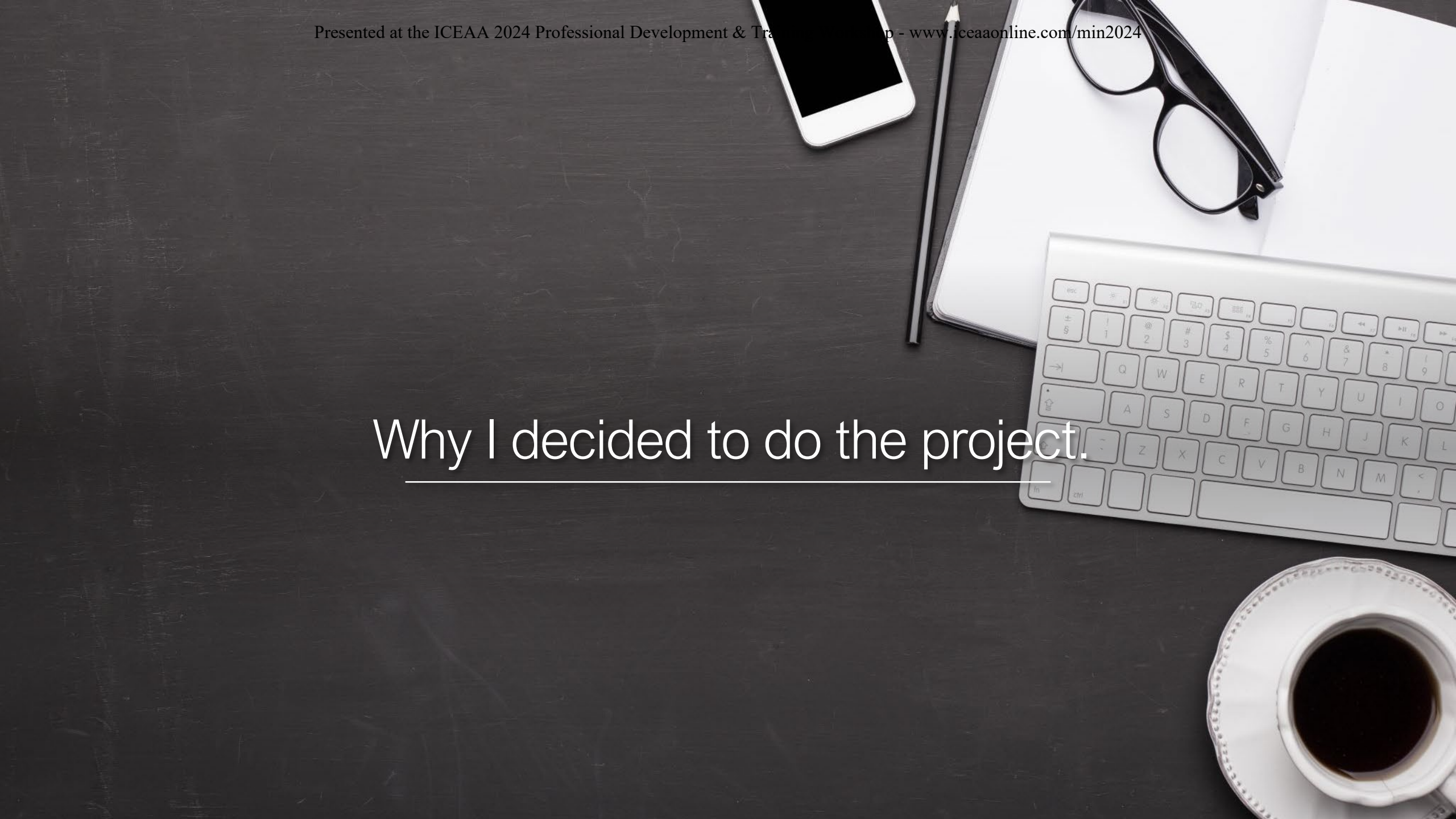
What is Monetary Policy ?

What is Unconventional Monetary Policy ?

The definition

Unconventional monetary policy, is defined as "encompasses measures which cause a change in the size and/or composition of a central bank's balance sheet"

Bernanke and Reinhart (2004, p 85)

Why I decided to do the project.

Aims

- What were the main policies used in the Great Recession and the Covid-19 recession.
- Demonstrate how these compare.

Research Design

- An initial literature review to find a gap in the knowledge.

- Followed by systematic policy review.

- To support the case studies, data from the Central Bank was formatted into diagrams.

Chance for questions
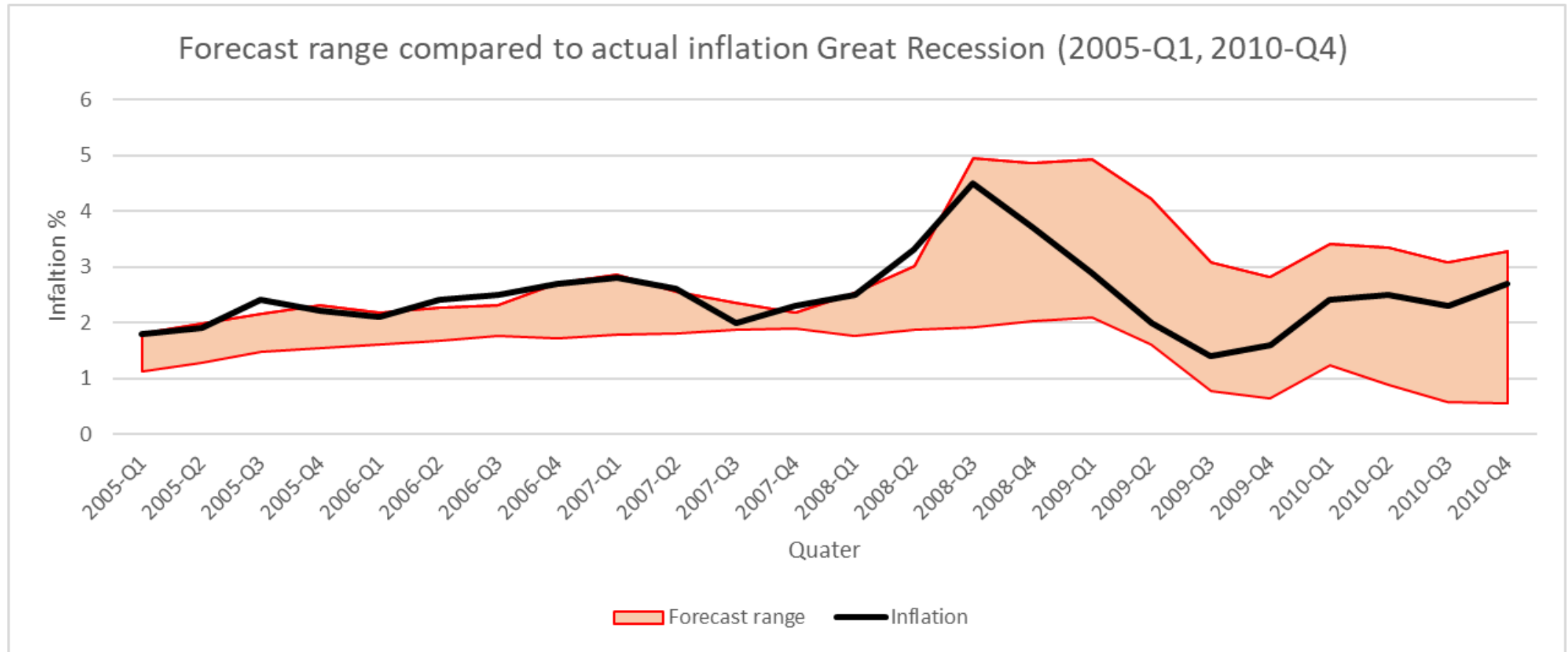
Constraints, Considerations & Limitations

- There is a limitation to this data as actual inflation is reported monthly. However, forecast inflation is reported quarterly.

- Secondly, this piece only looks at only the UK.

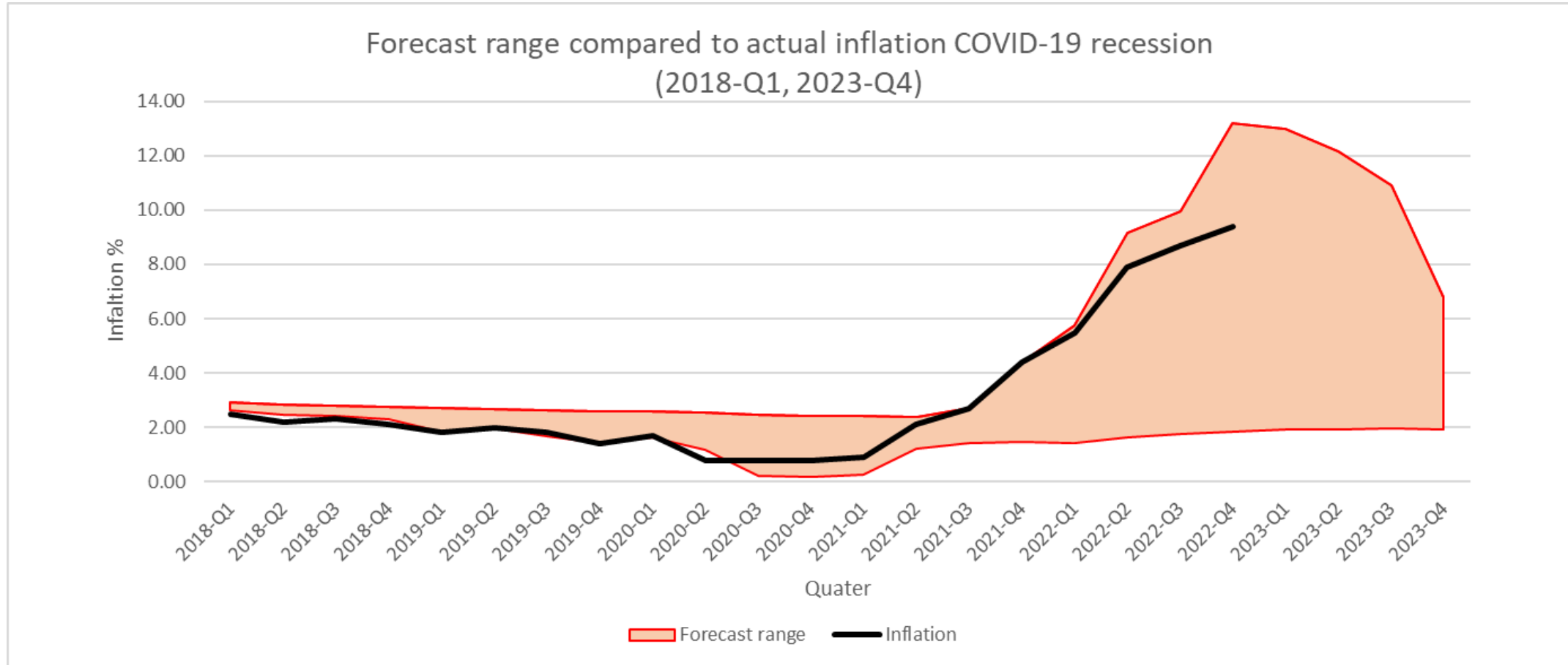- The effects of Brexit are intertwined with Covid-19.

Resources and data

- The Bank of England, OECD and National Archive, for the periods of the Great Recession 2007-2009 and March 2020 onwards for the COVID-19 Recession.

- Inflation forecasts from each were collected for each quarter during that time-period projecting forward, with actual inflation being shown per quarter alongside each individual forecast line.

- These were used to build forecast range projections and support the timeline of policies being introduced.

What the data shows

Forecast range compared to actual inflation Great Recession (2005-Q1, 2010-Q4)

Forecast range compared to actual inflation COVID-19 recession (2018-Q1, 2023-Q4)

Outcome and Conclusions

- Research showed it was evident that different contributing factors caused each recession.

- However, both used similar or the same policies to attempt to counter each recession.

- This led to differing levels of success and consequences for using said policies.

Question for future research

Are these policies specific to one recession?

→

How did other countries handle these recessions, and did they see different results?

→

What are the pioneer nations of unconventional monetary policy doing?

Questions about economics?

Yes, we like money.

Thank you for your time.