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# Monetary Policies in the US and the Eurozone



## Summary

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## Reasons for research

- importance of monetary policy in economy
- interdependency of European and U.S. financial markets
- impacts of FED's and ECB's policies on both sides of the Atlantic

## Purpose of the Thesis

- to identify differences in monetary policymaking process between FED and ECB

# Methodology

The Thesis consists of two parts.

## 1) theoretical part

- functions, goals and instruments used by both monetary authorities
- theoretical comparison

Legal documents, official statements, annual reports and publications of European and American authors were used during the elaboration of this part.

## 2) practical part

- description and impacts of anti-crisis policies conducted by both central banks
- practical comparison

For the description, official statements to anti-crisis programs were used.

Regarding the impacts, they were examined using a variety of macroeconomic, financial and monetary indicators.

## Observations

- goals and behavior of the European and American central bank influence significantly the monetary policymaking and have an impact on expectations of financial market participants
- the FED's explicit declaration concerning future value of basic interest rates explains the effects of its policies to the public better

- the more careful behavior of European financial market participants and a different financial system have a cardinal impact on the quickness of recovery from economic crises in the Eurozone
- conservative policies conducted by the European Central Bank leave less space for a possible moral hazard, which helps to prevent the Eurozone from future financial crises



## Contribution of the Thesis

- unique work in the range of data used for comparison
- the observations help to estimate future steps conducted by both institutions during next economic crises
- the findings also provide information to investors and managers of financial and non-financial institutions about how monetary policy in the Eurozone and the U.S. can influence their businesses