Unconventional Monetary Policy:
Some Lessons From Overseas

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Governor
Central Bank Policy Rates

Sources: Central banks; Refinitiv
Central Bank Extended Liquidity Operations

Per cent of GDP

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2016 2013 2010 2007 2019
0 2 4 6 8
%

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%

Central Bank Extended Liquidity Operations
Per cent of GDP
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Central Bank Asset Purchases
Per cent of GDP

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Some observations

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2. Unconventional measures have had some side effects
   i. Changes to incentives for financial institutions and policymakers
   ii. Impact on bank lending and efficient allocation of resources
   iii. Blurring the lines between monetary and fiscal policy
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2. Unconventional measures have had some side effects
   i. Changes to incentives for financial institutions and policymakers
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   iii. Blurring the lines between monetary and fiscal policy

3. A package of measures works best, with clear communication
Implications for Australia

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Australian Yield Curve

Maturity (years)

Australian Government Securities

Overnight Indexed Swaps

Sources: Bloomberg; RBA
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5. Threshold for undertaking QE has not been reached and is not expected to be reached.
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