

EconWorld2016@Barcelona

An Empirical Analysis of Interest Rate Pass-Through in Turkey

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ABSTRACT

This study examines the empirical research the validity of interest rate passthrough and efficiency of monetary policy in Turkey by using monthly data belonging 01:2002 - 08:2015 period. The study benefits from the recent advance in the time and frequency domain causality tests and employs both conventional and bootstrap process based Toda Yamamoto causality and frequency domain causality methods. The econometric investigation provides strong evidence of long-run interest rate pass-through in Turkey.

KEYWORDS Financial Development; Growth; Macroeconomic Instability

JEL E43, E52, E58