Hamed Ghiaie, Assistant Professor of Economics, ESCP Business School, Paris, France. Email: hghiaie@escp.eu

Abstract:

In response to the Corona crisis, the ECB has committed to a host of interventions e.g. lowering the standing facilities (to -0.75), providing up to 3 trillion euro in available liquidity and the Pandemic Emergency Purchase Programme (PEPP). The PEPP is an envelope of 750 billion euro in addition to the 120 billion euro planned before the crisis, roughly about 7.3% of euro area GDP. This paper aims to build a two-country model of a monetary union in the presence of heterogeneous households, housing and the credit market to study the interaction between housing and the ECB’s new quantitative easing, i.e. the Pandemic Emergency Purchase Programme (PEPP). A welfare analysis assesses the impact of the crisis and the lockdowns across Europe.

Data Description:

Macroeconomic data for model calibration: GDP, consumption, investment, labor, inflation, mortgage, interest rates, deposit, housing related data etc.

Key word:

Corona Recession, Inter-bank Market, Quantitative Easing, Housing.

JEL classification:

E32, E44, E58, F34

Link to the working paper:

https://sites.google.com/site/hamedghiaie/research