Discussion:
Piotr Fiszeder, Ilona Pietryka:
Monetary Policy in Steering the EONIA and POLONIA Rates in the Eurosystem and Poland — a Comparative Analysis

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Summary

- spread between the interbank overnight rate and the main rates of the central banks - short-term (overnight) nominal interest rate of the interbank market is the appropriate operational target
- monetary policy instruments, liquidity conditions, market expectations and risk
  - central bank's balance sheet, zero lower bound
- ARFIMA-GARCH: memory (EONIA: long, POLONIA: short), impact of shocks (P: stronger), lag: minBIC (*no data*)
- Novelty:
  - overnight market interest rate and the main central bank's rate were analyzed simultaneously for two different central banks
  - statistical and economic properties of the EONIA and POLONIA spreads are quite different
  - influence of different monetary policy instruments

Remarks

I. The GARCH(P, Q) model proposed by Bollerslev (1986) is defined as:

$$\varepsilon_t = z_t\sqrt{h_t}, \quad \text{?} \tag{4}$$

$$h_t = \alpha_0 + \sum_{i=1}^{Q} \alpha_i \varepsilon_{t-i}^2 + \sum_{j=1}^{P} \beta_j h_{t-j}, \tag{5}$$

<u>Bollerslev (1986):</u>

$$\varepsilon_t = \eta_t h_t^{1/2}, \qquad \eta_t \overset{iid}{\sim} N(0,1). \tag{A.1}$$

Subsequent substitution yields

$$h_t = \alpha_0 + \sum_{i=1}^{q} \alpha_i \eta_{t-i}^2 h_{t-i} + \sum_{i=1}^{p} \beta_i h_{t-i}$$

II. the global financial crisis of 2008 — from September 15, 2008 to April 22, 2010 (p. 9)

→ *First temporary USD FX swap-line was made in December 2007*