

**The Quantitative Easing Policy and Business Activities by Industry
in Japan:2001-2006**

神戸大学大学院生 井尻 裕之
神戸大学 松林 洋一

Abstract

This paper empirically investigates the effect of the Japanese quantitative easing policy (QEP) on business activities by industry. The time varying parameter VAR (TVP-VAR) Model is used to examine the dynamic effect of QEP with monthly frequency. Moreover, by using the TVP-VAR model, some remarkable results are obtained as compared with the models used in the previous studies. First, the effect of the QEP on the exchange rate varies with time and is in the final period of its implementation. Conversely, the effect on the stock price is stimulated almost continuously. Second, the effect on the real economy varies by industry and over time. Especially in the machinery sectors, such as electric and transport machinery, the QEP increases exports via exchange rate depreciation.

Keywords: quantitative easing policy (QEP), time-varying parameter VAR (TVP-VAR), exchange rate, stock price, export

JEL classification: E44, E52, E58