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**A VAR ANALYSIS OF SECTOR SPECIFIC EFFECTS OF BOJ'S  
POLICY DECISIONS**

**Abstract**

This paper examines the impacts of monetary policy shock on broader sectors of Japanese economy using quarterly sectoral data during 1980-2010. Based on techniques commonly used in the vector auto regression literature, the main findings suggest the existence of persistent heterogeneous effects of monetary policy on broader sectors of the economy over the period before the introduction of the Zero Interest Rate Policy, however, such effects disappear with the recent subsample, which is not surprising given the low level of interest rate.

For the subsample 1980-1997, the impacts of monetary shock is more pronounced on components of aggregate demand such as residential investment, investment in machinery-and-equipments and consumer durables along with private capital formation in sectors such as manufacturing, real estate and finance-&-insurance.