

Economic structure and the real effects of monetary policy

Discussion by Alessandro Cantelmo (Bank of Italy)

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The views expressed herein are those of the authors and do not necessarily reflect those of the Bank of Italy, the Eurosystem, or their executive boards.

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- Disentangles the role of the rising share of the services sector.

Findings:

- The transmission of monetary policy shocks to EA output is mildly dampened by a higher share of services sector.

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 - Interest rate sensitivity: higher for manufacturing (Bernanke and Gertler, 1995) → output responds more in manufacturing sectors, see Datsenko and Fleck (2024) for very similar approach and results.
- How do the results of the paper square with and improve upon the existing literature? Maybe identify key sectors or sector-characteristics (e.g. financial sector, labor markets, etc.)

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- Discussion and robustness would be desirable.

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- Report the IRFs at sectoral level to highlight eventual drivers across sectors.
- The text mentions responses at the 75th and 25th percentiles of the service-share distribution, it might be worth plotting them.

- Figure 4: is it from equation 1 or 2?
- Tables 2-4: specify the definition of the sectors in each column.

The end

- Very promising paper, with clear policy relevance.
- Many thanks!

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