



Cyprus
University of
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Faculty of Management
and Economics

Master's Thesis

**HOW QUANTITATIVE EASING AFFECTS THE REAL
ECONOMY AND INTEREST RATES**

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Limassol, December 2018

CYPRUS UNIVERSITY OF TECHNOLOGY
FACULTY OF MANAGEMENT AND ECONOMICS
DEPARTMENT OF COMMERCE, FINANCE AND SHIPPING

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ABSTRACT

This thesis will present the strategies and monetary policies that were followed by the Central Banks of Europe and United States respectively, by the time the economic crisis broke out. The analysis is trying to make clear whether the two different strategies helped the real economy or not. Before entering the analysis, basic concepts are being clarified for better understanding. Then, after presenting data and facts about the asset purchasing, the conclusions will be extracted.

The basic question is how the two programs of Quantitative Easing affected the real economy and to what extent. The answer comes based on a combination of researches developed by researchers who were active during the crisis period.

Keywords: Quantitative Easing, Real Economy, Inflation, Central Banks, Unconventional Monetary Policies, Macroeconomics