

**NAME and SURNAME:** Fatih TOPCU

**TITLE:** “Exchange Rate Channel of Monetary Transmission Mechanism and Its Application to Turkey”

### **ABSTRACT**

It is generally accepted among the economists that the short term monetary policy has an effect on the output level. Furthermore, it is a much debated question of through which channels the enforced monetary policy to effect the economy. In this study, the effects of the exchange rate on economy have been investigated with the data of 1989Q1-2007Q3 period and with the help of vector autoregressive, VAR method. In this study with 5 variables, the source of 10% of the variations on the output is a result of the exchange rate.

### **KEYWORDS**

Monetary Transmission Mechanism, Exchange Rate, Granger Causality Test, VAR.