

The Internet globalization and the role of the exchange rate in Taylor-type monetary policy rules the case of inflation targeting emerging markets

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Abstract

This paper examines the significance of the direct inclusion of the exchange rate in Taylor-type monetary policy rules especially with regard the impact of the Internet globalization. Using a panel linear model, a two-step methodology was adopted on data from 15 emerging countries for the period 2000-2020. Overall findings suggest the importance of including the exchange rate as well as openness and the Internet directly in the Taylor equation to explore ways and means of improving the effectiveness of monetary policy.

Keywords: Central bank; Openness; Panel Linear Model; Policy interest rate; Transmission channel

JEL Classification Codes

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