



MONETARY POLICY CHALLENGE

Application Questions

- Each team is required to prepare one response of not more than 500 words to address the application task at hand.
- The assessment is based on ability of teams to diagnose, identify, and explain the economic issues involved. The outlined potential areas of consideration serve to help anchor the structure of the essay. However, teams are free to craft their responses without following the proposed sequence. Of note, the reading list is provided to help supplement teams' responses. However, insights beyond the recommended reading are encouraged.
- Please save your essay in PDF format with the file name as teamleadername_essay or teamname_essay (e.g., kijang_essay or Albert_essay).
- The application questions must be uploaded together with the application form.
- Application closes at 11:59pm Malaysian time on 3rd July 2022.

Note: Do not feel deterred. Teams should take this writing exercise as a learning platform by drawing insights into how monetary policy is approached in practice (of which can be strikingly different from theory 🧐).

Application Task

- Discuss the measures BNM had undertaken at the onset of COVID-19 and evaluate its effectiveness in preserving the economy from scarring effects.

POTENTIAL AREAS OF CONSIDERATION

- What had been the OPR response and why has the COVID-19 pandemic, as opposed to past crises, prompted a change of such magnitude?
- What are the key economic linkages that have been disrupted by the crisis?
- What were other measures that BNM had or should have undertaken to complement its monetary policy response (if any) and why were/are they necessary?

RECOMMENDED READINGS

Economic and financial developments in the Malaysian economy in the first quarter of 2020	https://www.bnm.gov.my/documents/20124/1067364/1Q2020_fullbook_en.pdf/a90c8972-9587-771c-a4f5-8910891cd15a?t=1598842270310
Economic and financial developments in the Malaysian economy in the second quarter of 2020	https://www.bnm.gov.my/documents/20124/1067369/2Q2020_fullbook_en.pdf/0c728c34-c31a-22e1-540d-bd64f1667a85?t=1598843519009
COVID-19 – Worst economic crisis since the Great Depression	https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/
COVID-19 to plunge global economy into the worst recession since the World War	https://www.worldbank.org/en/news/press-release/2020/06/08/covid-19-to-plunge-global-economy-into-worst-recession-since-world-war-ii
Why COVID-19 necessitates concerted policy efforts	https://www.ft.com/content/b8fa16c6-6d11-11ea-89df-41bea055720b