

## A model of a small open economy integrated in a monetary union

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**Abstract** This paper develops a model of a small open economy integrated in a monetary union, which is a nontrivial technical extension of the existing small open economy model. The model is used to study the monetary transmission mechanism in Portugal.

**Keywords** Small open economy · Monetary union · Monetary transmission mechanism · Local determinacy · Impulse response function

**JEL Classification** E52 · F41 · F47

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