Report on "asymmetric exchange rate pass-through in the euro area: new evidence from smooth transition models"

This paper investigates the existence of asymmetric behaviour in exchange rate pass-through to inflation. The authors make use of 12 euro area countries and they cover the period1975-2010. The authors assume nonlinearities, and they make use of smooth transition regression models. I think the paper is reasonably well written and on a topical subject. However, I would have a few suggestions:

1. my main suggestion is, since the authors have data on 12 countries over time, why is that they do not explore the **panel** structure of the data? Why not using Gonzales et al (2005) approach? At least as a robustness test? In addition, you can use the annual variation in the data.

2. I would also like to see more justification for the choice of **smooth** regressions, can't we speculate that Greece has had an **abrupt** change?

3. I would also like to see more discussion of why some countries present this result, and others that result? At this stage the reader is not learning much from the exercise in terms of particular idiosyncrasies of different euro countries (some being more flexible, or less rigid, than others). And this brings us back for the fact that different time series sometimes do not shed any light on a particular economic question. A panel analysis would probably be more enlightening.