"Estimating the Market-Perceived Monetary Policy Rule"
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Web Appendix

TABLE 1—POLICY RULE CONSTANT ESTIMATES

				h		
	1	2	3	4	5	6
BASELINE	−0.421	−0.493	−0.578	−0.518	−0.547	−0.195
	0.068	*0.092*	*0.114*	*0.125*	*0.139*	*0.139*
BASELINE, PRE	−0.412	−0.489	−0.580	−0.492	−0.667	−0.624
	0.109	*0.091*	*0.080*	*0.199*	*0.132*	*0.186*
BASELINE, POST	−0.380	−0.469	−0.517	−0.448	−0.686	−0.644
	0.070	*0.082*	*0.119*	*0.124*	*0.200*	*0.145*

Notes: η_r is the average risk premium change. HAC standard errors in *italics*. Point estimates and standard errors from two-step nonlinear GMM. Data run over 1994:M1-2007:M7. PRE period is 1994–1999, POST period is 2000–2007.

TABLE 2—TESTS OF CROSS-EQUATION RESTRICTION

				h		
	1	2	3	4	5	6
(4) CROSS, PRE	0.988	0.969	0.925	0.967	0.987	0.994
(5) CROSS, POST	0.999	0.997	0.996	0.957	0.999	0.976

Notes: p-values from Lars P. Hansen's (1982) J-test of cross-equation restriction that the average risk premium change is identical across indicators. PRE period is 1994–1999, POST period is 2000–2007.

TABLE 3—MARKET-PERCEIVED MONETARY POLICY RULE ESTIMATES, NO CROSS-EQUATION RESTRICTION

| | | h |
		1	2	3	4	5	6
(4) CROSS, PRE	β	0.286	0.845	1.160	1.340	1.490	1.502
		0.207	*0.687*	*0.611*	*0.745*	*0.752*	*0.975*
	δ	0.137	0.128	0.348	0.434	0.130	0.305
		0.046	*0.049*	*0.248*	*0.354*	*0.085*	*0.112*
(5) CROSS, POST	β	−0.499	0.603	0.398	0.445	1.023	2.196
		0.365	*0.457*	*0.376*	*0.397*	*0.680*	*0.854*
	δ	0.257	−0.101	0.088	0.002	−0.040	0.105
		0.057	*0.154*	*0.068*	*0.024*	*0.038*	*0.689*

Notes: The policy rule coefficient on inflation is β and on the output gap is δ. HAC standard errors in *italics*. See the notes for Table 2. Point estimates and standard errors are from two-step nonlinear GMM. Data run over 1994:M1-2007:M7. PRE period is 1994–1999, POST period is 2000–2007.

TABLE 4—CORE INFLATION PREDICTABILITY

| | h |
	1	2	3	4	5	6
R^2	91.5%	90.7%	89.5%	88.0%	86.2%	84.1%
t-stat	60.9	58.9	55.9	52.8	49.8	47.0

Notes: R^2 and slope coefficient t-stat (robust), from regressions of Core-PCE inflation on Core-CPI inflation, both as annual logarithmic rates, monthly 1960–2007.