

Discussing

Does ECB communication help predicting ECB interest rate decisions?

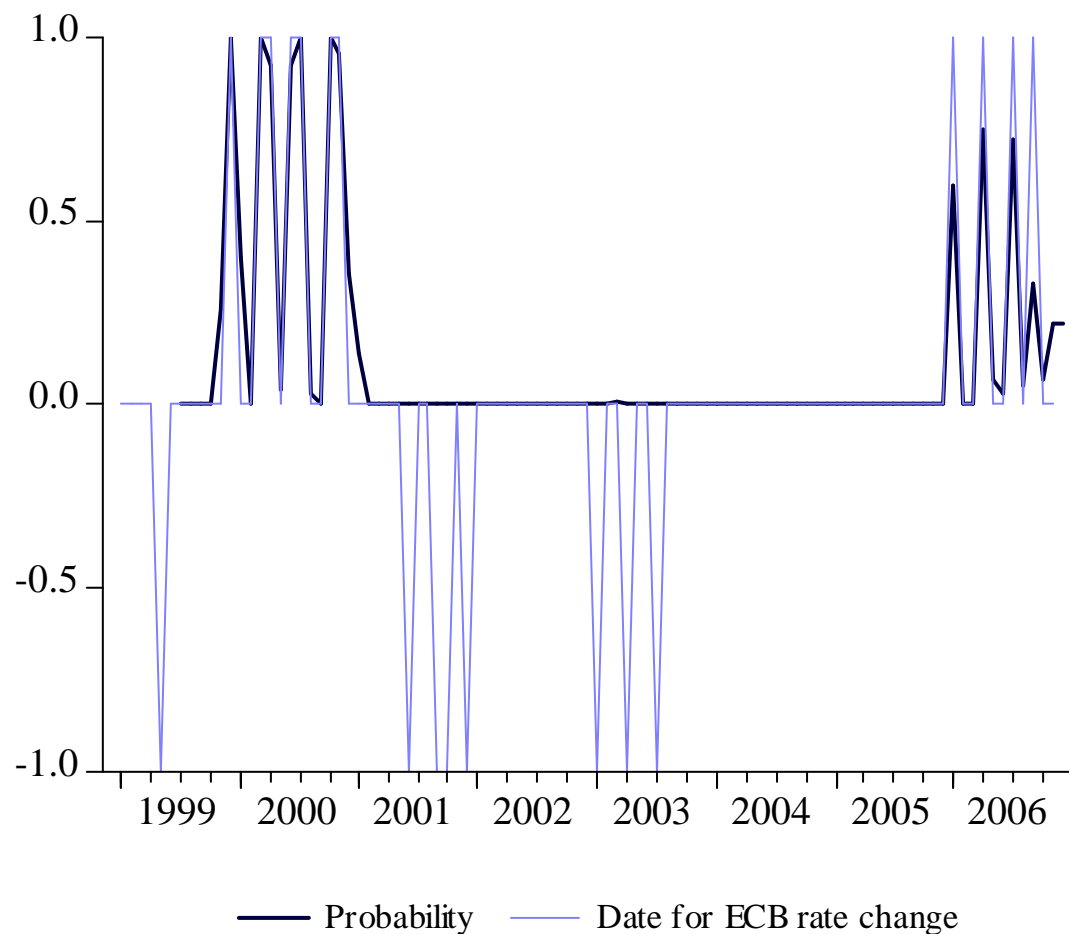
by David-Jan Jansen and Jacob de Haan

Mannheim, 24 November 2006

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Results of an ordered Probit for the ECB (I)

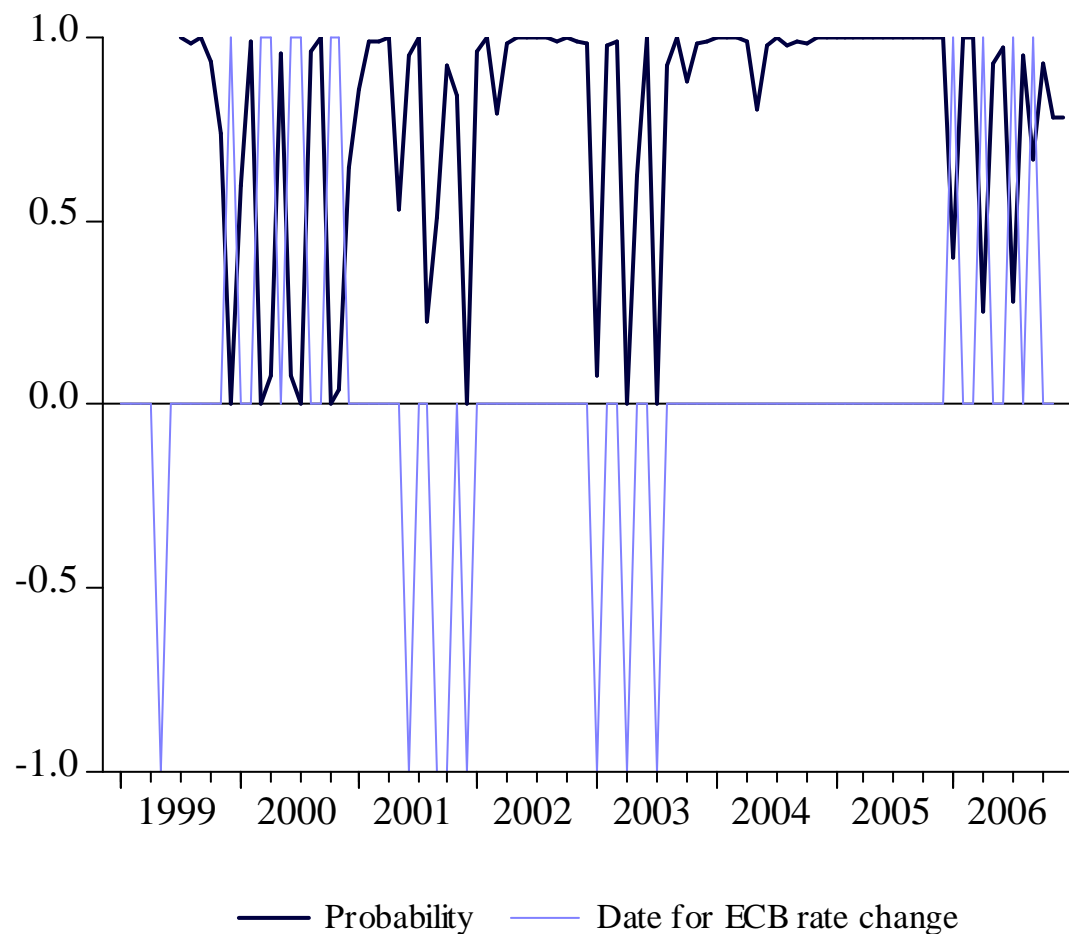
How likely is it that the ECB *will raise* its main refinancing rate?



Source: Belke/Polleit (2006), forthcoming. *Legend:* Sample period: January 1999 to October 2006; monthly data. – Explanatory variable: 3-mths Libor rate over ECB refinancing rate, 6 autoregressive terms. – *Source:* Thomson Financials; own calculations. – A rise in the ECB refinancing rate is represented by 1, a lowering by -1 and unchanged by 0.

Results of an ordered Probit for the ECB (II)

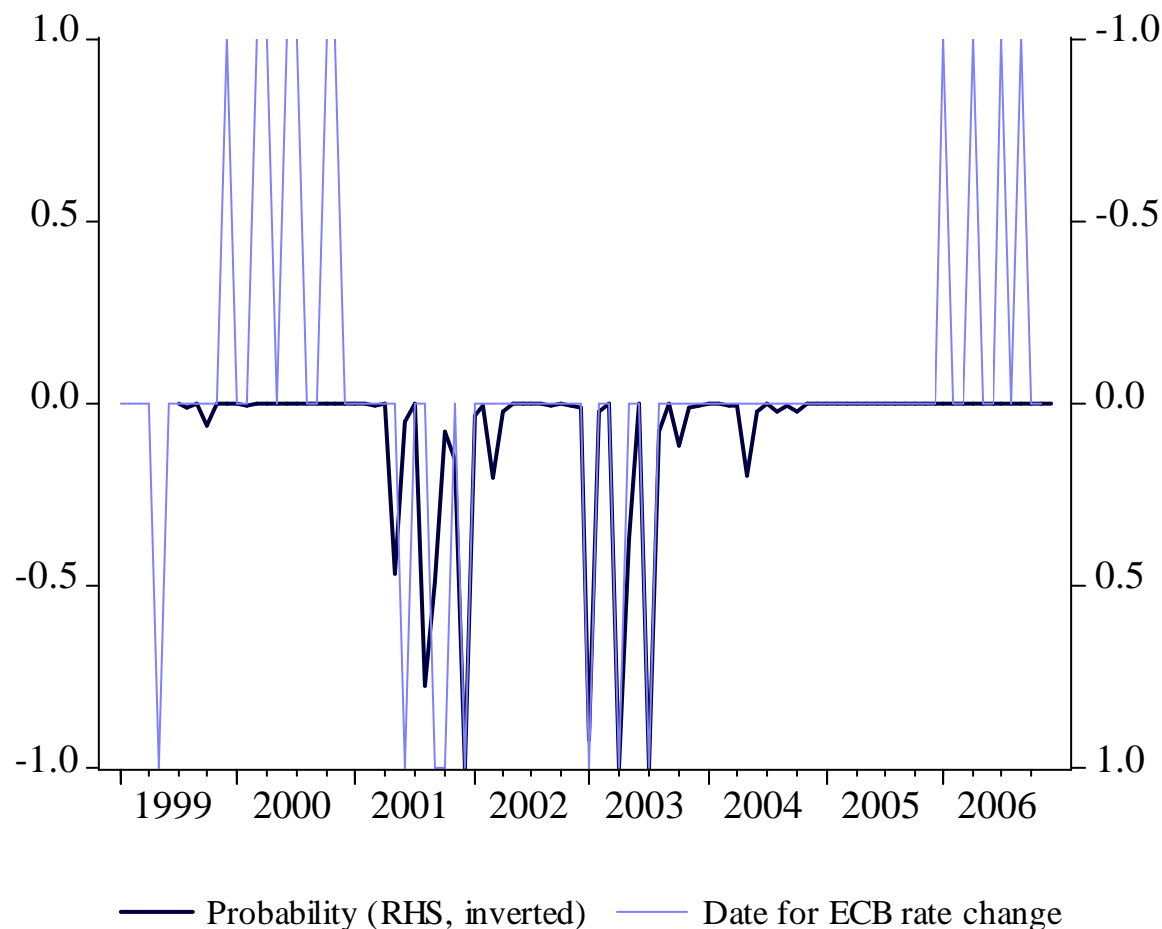
How likely is it that the ECB *will keep constant* its main refinancing rate?



Source: Belke/Polleit (2006), forthcoming. *Legend:* Sample period: January 1999 to October 2006; monthly data. – Explanatory variable: 3-mths Libor rate over ECB refinancing rate, 6 autoregressive terms. – *Source:* Thomson Financials; own calculations. – A rise in the ECB refinancing rate is represented by 1, a lowering by -1 and unchanged by 0.

Results of an ordered Probit for the ECB (III)

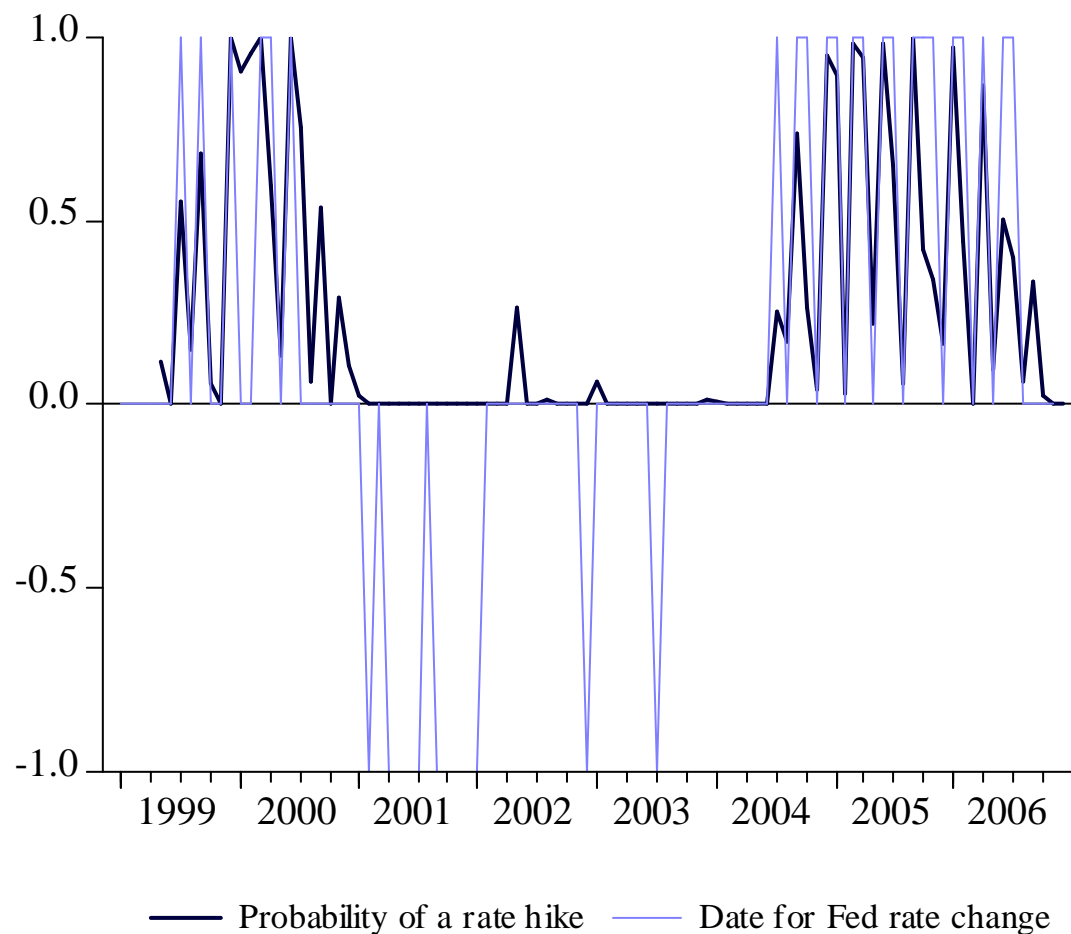
How likely is it that the ECB *will lower* its main refinancing rate?



Source: Belke/Polleit (2006), forthcoming. *Legend:* Sample period: January 1999 to October 2006; monthly data. – Explanatory variable: 3-mths Libor rate over ECB refinancing rate, 6 autoregressive terms. – *Source:* Thomson Financials; own calculations. – A rise in the ECB refinancing rate is represented by 1, a lowering by -1 and unchanged by 0.

Results of an ordered Probit for the Fed (I)

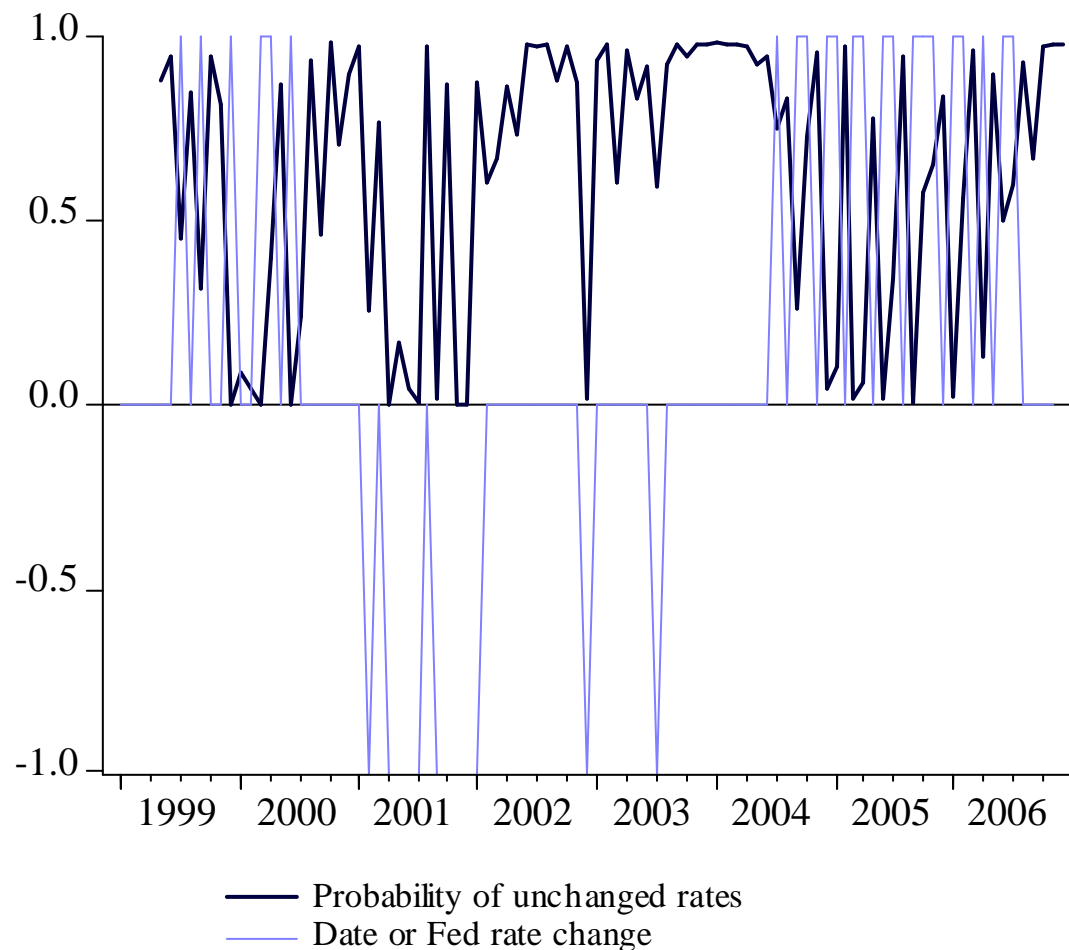
How likely is it that the Fed *will raise* the Federal Funds Rate?



Source: Belke/Polleit (2006), forthcoming. *Legend:* Sample period: January 1999 to October 2006; monthly data. – Explanatory variable: 3-mths US money market rate over the Fed Funds Target rate, 6 autoregressive terms. – *Source:* Thomson Financials; own calculations. – A rise in the Fed Funds Target rate is represented by 1, a lowering by -1 and unchanged by 0.

Results of an ordered Probit for the Fed (I)

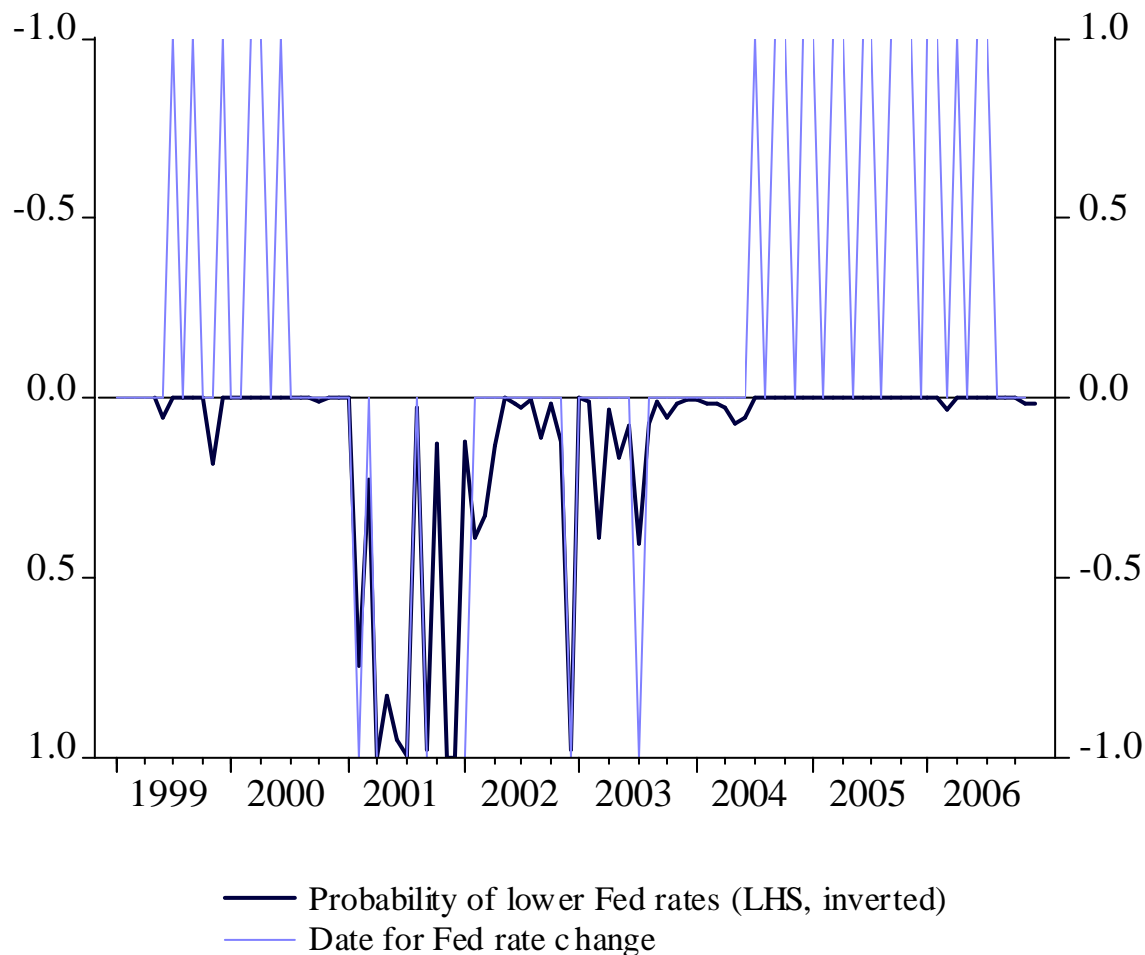
How likely is it that the Fed *keep constant the* Federal Funds Rate?



Source: Belke/Polleit (2006), forthcoming. *Legend:* Sample period: January 1999 to October 2006; monthly data. – Explanatory variable: 3-mths US money market rate over the Fed Funds Target rate, 6 autoregressive terms. – *Source:* Thomson Financials; own calculations. – A rise in the Fed Funds Target rate is represented by 1, a lowering by -1 and unchanged by 0.

Results of an ordered Probit for the Fed (I)

How likely is it that the Fed *will lower* the Federal Funds Rate?



Source: Belke/Polleit (2006), forthcoming. *Legend:* Sample period: January 1999 to October 2006; monthly data. – Explanatory variable: 3-mths US money market rate over the Fed Funds Target rate, 6 autoregressive terms. – *Source:* Thomson Financials; own calculations. – A rise in the Fed Funds Target rate is represented by 1, a lowering by -1 and unchanged by 0.

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