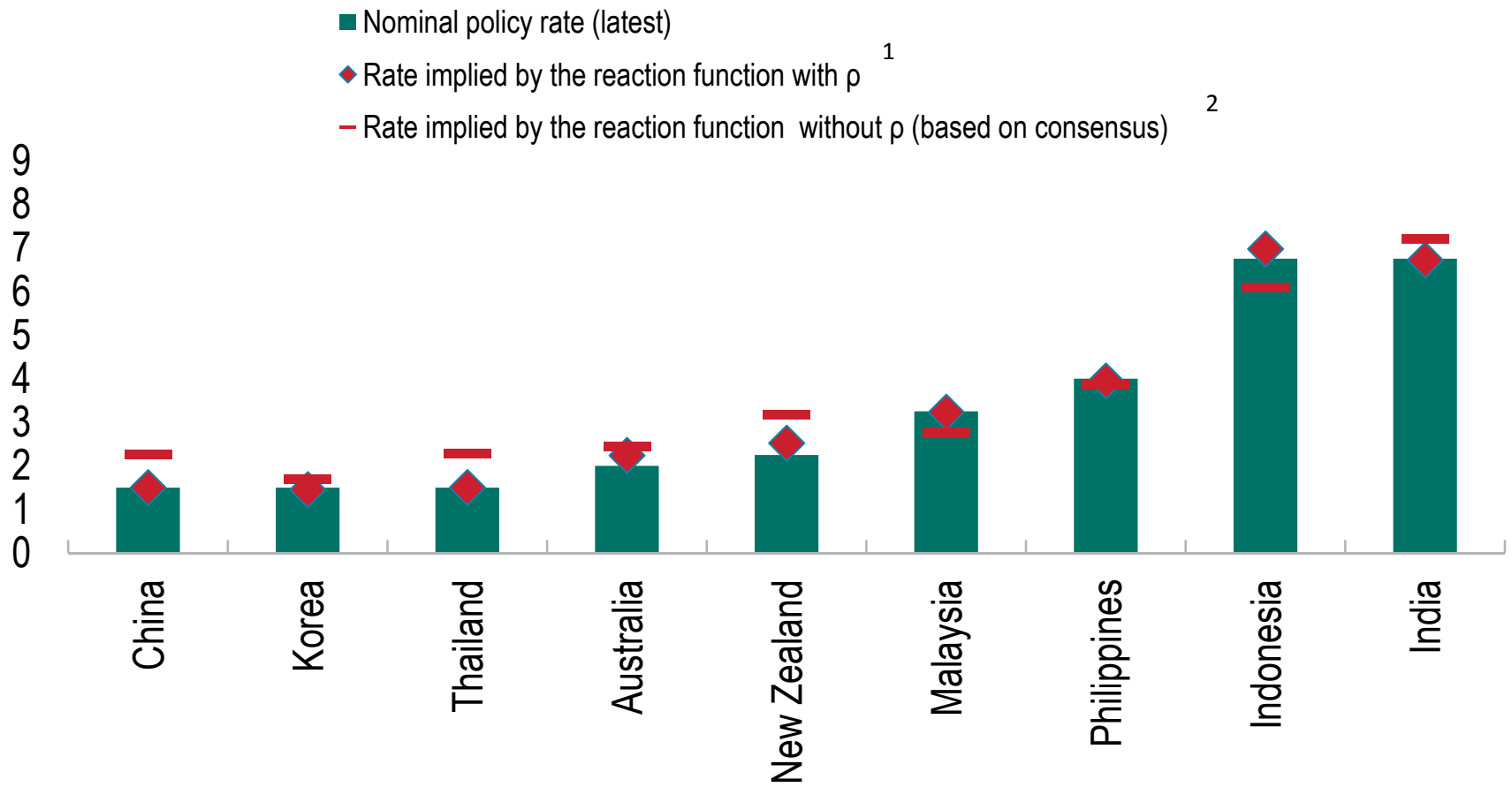
Figure 1.28. Estimated Central Bank Reaction Functions

(Percent)



Sources: Haver Analytics; and IMF staff estimates.

Note: As of April 01, 2016 with monthly data.

[1] Estimated as $i_t = \rho^* i_{t-1} + (1-\rho)^*(\alpha + \gamma_1 E_t[\pi_{t+1} - \pi^*] + \gamma_2 E_t \text{OutputGap}_{t+1} + \delta_1 \text{REER}_t + \delta_2 \text{US\_3Myield}_t) + \varepsilon_t$

[2] Estimated as $i_t = \alpha + \gamma_1 E_t[\pi_{t+1} - \pi^*] + \gamma_2 E_t \text{OutputGap}_{t+1} + \delta_1 \text{REER}_t + \delta_2 \text{US\_3Myield}_t + \varepsilon_t$