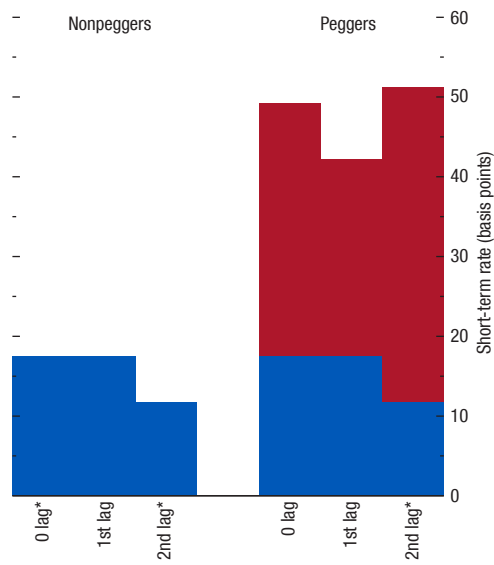


Figure 3.2.3. Response to Federal Funds Rate Shocks



Source: IMF staff calculations.

Note: Impact coefficients of current and lagged federal funds surprise changes for nonpeggers and peggers. Changes in short-term interest rates are regressed on changes in the federal funds rate instrumented by federal funds rate shocks, a peg dummy, and interaction terms.

* means the bar is statistically significant at the 5 percent level.