

You are kindly invited to attend the Joint Macroeconomic Seminar

by

Eric Swanson (University of California, Irvine)

on

Measuring the Effects of Federal Reserve Forward Guidance and Asset Purchases on Financial Markets

Abstract

I extend the methods of Gurkaynak, Sack, and Swanson (2005) to separately identify the effects of Federal Reserve forward guidance and large-scale asset purchases (LSAPs) during the 2009–15 U.S. zero lower bound (ZLB) period. I find that both forward guidance and LSAPs had substantial and highly statistically significant effects on medium-term Treasury yields, stock prices, and exchange rates, comparable in magnitude to the effects of the federal funds rate before the ZLB. Forward guidance was more effective than LSAPs at moving short-term Treasury yields, while LSAPs were more effective than forward guidance and the federal funds rate at moving longer-term Treasury and corporate bond yields. The effects of forward guidance announcements tend to die out over time, probably because those announcements have horizons of only a few quarters. In contrast, the effects of LSAP announcements seem to be completely persistent.

The seminar will take place on **Thursday, June 28th from 16:30 until 18:00** in the Auditorium of the National Bank of Belgium (**Room A1**), entrance: rue Montagne aux Herbes potagères 61, Brussels.

Please reply by email to nbbmacro.seminar@nbb.be if you wish to participate to this seminar or if you want to have an appointment with the speaker. In case you want to access the NBB Parking (rue Montagne aux Herbes potagères 41), please also provide us with your name and the license plate of your car.

Kind regards,

R. Kollmann (ULB), F. De Graeve (KU Leuven), L. Pensieroso (UCL) and R. Wouters (NBB)