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Narratives in Finance

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Abstract

Contents

1	Introduction	1
2	Monetary Policy and Interest Rates	2
2.1	Excess Sensitivity Puzzle	2
2.2	Existing Research and Explanations	5
2.3	New Insights Through Narrative Research	7
3	Narratives and Decision Making	10
3.1	What Narratives Are	10
3.1.1	McAdams Research on Narratives	10
3.1.2	Social Psychology Background	10
3.2	How Narratives can help	10
3.2.1	Bayesian Brain and Predictive Coding	10
3.2.2	Influence and Change on Human Beings	10
3.3	Narrative Research	10
4	Natural Language Processing	11
4.1	Methods in Natural Language Processing	11
4.1.1	Sensitivity Analysis	11
4.1.2	Topic Modeling	11

5	Data and Methodology	12
5.1	Financial Data	12
5.2	Text Data	13
5.2.1	NOTES	14
6	Results	15
7	Conclusion	16
	References	17
	Appendices	
A	Data on Target Rate and FOMC Meetings	19
B	Whatever may come...	22
B.1	For Example...	22

List of Figures

List of Tables

A.1	FOMC meetings	20
A.2	Target rate adjustments	21

Chapter 1

Introduction

Chapter 2

Monetary Policy and Interest Rates

However little understood, the relationship between monetary policy and market interest rates is undeniable. Interest rates of all maturities react to changes in monetary policy, creating opportunities and risks for traders, challenges for policy makers, and puzzling effects for academics to study (Ellingsen & Söderström, 2001, p. 1594).

Target rate changes in particular have an impact on the bond market and on interest rates (Cook & Hahn, 1989, p. 332). Yet, the understanding of yield curve movements is incomplete at best. On average, the relationship between monetary policy and interest rates appears to be positive: An increase in the central bank's target rate leads to an increase in the interest rates of all maturities. However, there are many instances where this simple rule has proven false and interest rates of long maturities fell in response to an increase in the central bank's rate (Ellingsen & Söderström, 2001, p. 1594).

Chapter 2.1 gives an account of the puzzle posed by the inconsistent response of long-term rates, Chapter 2.2 touches on previous research and possible explanations, and Chapter 2.3 outlines how an investigation of narratives might be able to shed light on this puzzle.

2.1 Excess Sensitivity Puzzle

Cook and Hahn (1989) analyzed financial data from the late 70s and found that the U.S. Federal Reserve (Fed), by setting the target for the federal funds rate, had a strong influence on interest rate movements. While short-term rates reacted particularly strongly, changes in the target

rate also caused small but significant movements in long-term rates.

It is not surprising that short-term rates follow the target rate closely, after all the Fed keeps the overnight rate close to the target and thus directly influences the one-month rate (Ellingsen, Söderström, & Masseng, 2003, p. 1). The movements of the long-term rates are more ambiguous. Cook and Hahn (1989, p. 343–346) interpret the fact that, on average, 10-year and 30-year bonds co-move with the short-term rates as evidence for the expectation theory of the term structure of interest rates. According to the expectation theory, long-term rates are equal to short-term rates over the same period of time plus a term premium. Thus, an increase in the short-term rates is expected to drive up long-term rates as well, but to a lesser extent (Ellingsen & Söderström, 2001, p. 1594).

To Romer and Romer (2000), on the other hand, the response of long-term rates presents a puzzle. They argue that standard theory predicts a drop in inflation as short-term rates rise, which ought to lead to a reduction in long-term rates. The opposite can be observed, however: Interest rates for all maturities typically rise following an increase in the target rate. Romer and Romer (2000) explain this anomaly with information-asymmetry between the Fed and the general public. They find evidence that the Fed is in possession of private information, which it reveals to other market participants through its monetary policy. In response, market participants adjust their inflation expectations upwards, causing long-term rates to rise.

Dissecting the interest rate response in more detail led Skinner and Zettelmeyer (1995) to paint an even complexer picture. While the yield curve shifts upwards on average, they found a number of occasions where an adjustment to the target rate caused the yield curve to tilt: Long and short rates responded by moving in opposite directions (as cited in Ellingsen et al., 2003, p. 1). Skinner and Zettelmeyer came to the conclusion that these were not singular occurrences, but that such tilts made up a considerable portion of the yield curve responses and could be observed in all four of the big economies they studied, that is in France, Germany, the United Kingdom, and the United States (as cited in Ellingsen & Söderström, 2001, p. 1594). An example is the yield curve movement in 1994, where interest rates of long maturities fell after the Fed announced an increase in its target rate (Ellingsen & Söderström, 2001, p. 1594). So not only is the positive response of long-term rates difficult to explain, the response is not even consistent in its direction: long-term rates may move up or down when the Fed increases

the target rate.

Whether positive or negative, to Gürkaynak, Sack, and Swanson (2005b, p. 425) any response of long-term rates is in contradiction to standard macroeconomic models. They argue that models predict that short-term rates return quickly to their steady state and thus have only a transitory effect on the future path of interest rates. Therefore, one would expect long-term rates not to react to monetary policy changes. They refer to the fact that long-term rates move significantly in response to monetary policy decisions as *excess sensitivity* of long-term interest rates (Gürkaynak, Sack, & Swanson, 2003, p. 2).

Gürkaynak et al. (2005b, p. 426–427) focus on the response of forward interest rates as a different way of expressing the yield curve. They find that long-term forward rates move in the opposite direction as the monetary policy actions. As they note, this stands in sharp contrast to the findings of Cook and Hahn (1989) and Romer and Romer (2000), who observed a movement of long-term rates in the same direction. Gürkaynak et al. put this down to their use of forward rates, which they consider a better measure for sensitivity. Additionally, they criticize previous research for the usage of raw change in the target rate, neglecting to differentiate between expected and unexpected policy moves. In their opinion, only the unexpected components of a monetary policy action can be expected to influence the term structure (Gürkaynak et al., 2005b, p. 430–431).

Since Gürkaynak et al. observe a negative response of the long-term forward rates, they suggest that such a response is not an anomaly but has a very natural explanation. Standard macroeconomic models assume that long-run levels of inflations and real interest rates are relatively fixed and known by all market participants (Gürkaynak et al., 2005b, p. 425). Gürkaynak et al. argue that models might be misspecified and long-run inflation expectations are not as perfectly anchored as assumed. They see the most plausible explanation for the observed term structure movements in the fact that monetary policy surprises lead market participants to adjust their expectations of the long-run level of inflation (Gürkaynak et al., 2005b, p. 434–435).

Even though Gürkaynak et al. (2005b) are able to account for the negative response of long-term forward rates to an increase in the target rate, Ellingsen and Söderström (2004, p. 2) maintain that their model is unable to explain the positive response of long-term yields observed

by other researchers. Thus, Gürkaynak et al. (2005b) fail to solve the puzzle as to why the yield curve shifts on one occasion but tilts at another when provoked by apparently identical monetary policy actions. Ellingsen et al. address this shortcoming in their own theoretical model (2001) and provide empirical support for their hypotheses (2003).

2.2 Existing Research and Explanations

Ellingsen and Söderström (2001) use a simple dynamic macroeconomic model where shocks to output and inflation exhibit some persistence and monetary policy actions have a lagged effect on output and inflation. The central bank is assumed to minimize deviations of inflation and output from their long-run averages, while market participants form rational expectations concerning the future target and short rates. On the basis of this model, Ellingsen and Söderström (2001, p. 1599–1602) make several predictions:

- *Proposition 1*: If there is symmetric information, economic shocks are observed by all market participants and affect interest rates directly. Policy actions by the central bank reveal no new information and thus will not affect the term structure of interest rates.
- *Proposition 2*: If the central bank has private information about shocks to supply or demand, market participants will infer this information from the central bank's policy actions. Thus, the yield curve of market interest rates will respond by moving in the same direction as the target rate change.
- *Proposition 3*: If the central bank has private information about changes in its own inflation preferences, market participants will infer these changes by observing the central bank's reaction to an economic shock. Consequently, they will adjust their expectations about future interest rate targets. This causes the yield curve to tilt as long rates move in the opposite direction as the target rate change.

Thus, the yield curve moves for two reasons: either the Fed reacts to new, possibly private information about the economy (what Ellingsen and Söderström call *endogenous*, outlined in proposition 2), or the Fed's policy preferences change (what Ellingsen and Söderström call *exogenous*, outlined in proposition 3). They predict that interest rates of all maturities move

in the same direction after an endogenous policy action, but that short and long-rates move in opposite directions after an exogenous change (2001, p. 1594–1595).

In a second paper, Ellingsen et al. (2003) analyze empirical data to find evidence for their model. In order to determine whether a policy action is endogenous or exogenous, they analyze reports on U.S policy in the *Credit Market* column of the *Wall Street Journal*. This text basis is supposed to capture the traders' opinions to a policy move and not the central bank's intention behind it, as it is the traders' opinions that move the bond prices (Ellingsen et al., 2003, p. 2). Ellingsen et al. used the articles on the day of the Fed move, as well as on the day before and the day after. They found publications on the days following a policy action to be the most informative (2003, p. 8).

They estimate the following regression (Ellingsen et al., 2003, p. 13):

$$\Delta i_t^n = \alpha + (\beta_n^{NP} d_t^{NP} + \beta_n^{Ex} d_t^{Ex} + \beta_n^{End} d_t^{End}) \Delta i_t^{3m} + v_t^n, \quad (2.1)$$

where Δi_t^n is the change in the interest rate of maturity n on day t ; d_t^{NP} , d_t^{Ex} , and d_t^{End} are dummies for non-policy, exogenous policy, and endogenous policy days respectively; and Δi_t^{3m} is the change in the 3-month treasury bill rate on day t .

The one-day change in the 3-month T-bill rate is taken as a measure of unexpected monetary policy action (regressor in eq.2.1). Ellingsen et al. (2003, p. 13) argue that the 3-month rate is sufficiently short to be determined by policy actions, but also sufficiently long to avoid noise from expectation errors. If the target rate remains unchanged, that is on non-policy days, the change in the 3-month rate measures the adjustment of expectations about future monetary policy actions provoked by the day's new information. If the target rate changes, that is on policy days, any change in the 3-month rate is interpreted as the unexpected component of the policy action (Ellingsen et al., 2003, p. 12).

The main hypothesis of Ellingsen et al.'s model is that long-term interest rates respond positively to endogenous policies and negatively to exogenous policies:

$$H_0 : \text{For large } n: \beta_n^{Ex} < 0 < \beta_n^{End} \quad (2.2)$$

Using data from October 1988 to December 2001, Ellingsen et al. (2003, p. 16) find

significant positive responses of the the 6-month and 1-year rate to endogenous and exogenous policy actions. For the 10-year and the 30-year rate, on the other hand, the coefficients are significant and positive for endogenous changes, and negative for exogenous changes. Ellingsen et al. conclude that their model finds strong support in U.S. data.

Yet, the author of this thesis cannot help but note that the explained variation (R^2) is rather small for long rates. While the model is able to account for up to 60% of the variation in short rates, this ratio drops to 15% for 10-year rates and 10% for 30-year rates (Ellingsen et al., 2003, p. 16). Additionally, Ellingsen et al. (2003, p. 20) admit that their results might be dependent on the classification of a few pivotal events. Since the classification was done manually, it is quite subjective. This could explain why von Krosigk (2017) was not able to replicate their results using text mining techniques. Von Krosigk analyzed data for the time period of January 2002 to June 2017 and found only positive coefficients, especially for exogenous events, with the only significant effect pertaining to the 6-month rate (2017, p. 36). This stands in sharp contrast to Ellingsen et al.'s results and raises doubts concerning the robustness of their findings.

2.3 New Insights Through Narrative Research

It is striking that Ellingsen et al. (2003), in order to find data in support of their model, naturally chose a narrative approach. In their model, they explicitly assume that the yield curve's response depends "on market participants' interpretation of the policy move" (Ellingsen & Söderström, 2001, p. 1603). They aim at classifying policy events as they are perceived by financial investors "since it is the investors' beliefs that determine the interest rate response" Ellingsen and Söderström (2001, p. 1604). They analyze newspaper articles not to determine the central bank's intentions underlying a policy move, but rather the traders' opinions. In their view it is "irrelevant whether a target change is in fact driven by policy preferences or by economic events. At any given point in time it is traders, and not the Fed, that determine the price of long-term bonds" (Ellingsen et al., 2003, p. 2). Thus, the effect on market interest rates is not driven by policy actions, but by the opinions and views market participants form about such actions. In other words, it's not the target rate change that influences the yield curve, but the stories surrounding it.

Likewise, Cook and Hahn (1989) used newspaper articles to analyze the reaction of the

yield curve to target rate movements. They focused on perceived changes in the target rate as reported by the Wall Street Journal on the day after a target rate change to determine its magnitude and direction. Interestingly, Cook and Hahn (1989, p. 337) mention that the Journal sometimes used "speculative language" which hampered their ability to isolate the bare facts of the policy action. In their quest to determine the facts of the policy move, they did their best to strip the articles of all other information, including the manner in which the facts were presented and the interpretative value of the "speculative language."

Gürkaynak, Sack, and Swanson (2005a, pp. 86–87) drive the point home by saying that "previous studies estimating the effects of changes in the federal funds rate on bond yields [...] have been missing most of the story." Their research revealed that reactions on the financial market were at least partially driven by the statements accompanying a policy action. Announcements of the FOMC, the Federal Open Market Committee of the Fed which regulates the funds rate target, account for at least three quarters of the variation in the movement of longer term Treasury yields around a FOMC meeting.

Similarly, Goetzmann, Kim, and Shiller (2016) support the view that market participants are highly influenced by narrative statements, especially by the financial press. A survey over a 26 year period revealed that investors generally hold an exaggerated assessment of the risk of a stock market crash and that their assessments were influenced by the news stories, in particular the front page stories, they have read. According to Goetzmann et al., newspaper articles make market returns, especially negative developments, more salient and thus influence investor behavior. Other researchers, such as Engelberg and Parsons (2011), Kräussl and Mirgorodskaya (2014), and Yuan (2015), support the view that the financial press plays an important role in focusing investor attention and thus influences their behavior.

Consequently, the author of this thesis hypothesizes that it is the interpretation of a policy event, that is the narrative surrounding a target rate change as it is perceived by the market participants, that determines the response of the financial markets and thus the movement of the long-term interest rate. Even though Ellingsen et al. (2003) employ a narrative approach, it remains closely tied to a macroeconomic model and only allows for certain predetermined aspects of a potentially much bigger narrative. Thus, it stands to reason that opening the focus of the analysis to include any type of narrative that could potentially influence a market

participant's action will yield more robust results. To this end, the author proposes the following model:

$$\Delta i_t^n = \alpha + (\beta_n^{NP} d_t^{NP} + \beta_n^{N_1} d_t^{N_1} + \beta_n^{N_2} d_t^{N_2}) \Delta i_t^{3m} + v_t^n, \quad (2.3)$$

where Δi_t^n is the change in the interest rate of maturity n on day t ; d_t^{NP} is a dummy for non-policy days, $d_t^{N_1}$ and $d_t^{N_2}$ are dummies for policy days that were classified as being dominated by either narrative one (N_1) or narrative two (N_2); and Δi_t^{3m} is the change in the 3-month treasury bill rate on day t .

Ideally, an examination of newspaper articles with regards to narratives surrounding a target rate change will allow the identification of two distinct narratives that are able to account for the inconsistent reaction of the long-term rates. Thus, the main hypothesis stipulates that narrative one leads to a negative reaction of the long-term rate while narrative two provokes a positive reaction:

$$H_0 : \text{For large } n: \beta_n^{N_1} < 0 < \beta_n^{N_2} \quad (2.4)$$

Chapter 3 outlines what narratives are and why there is reason to believe that they have a strong influence on human behavior and thus warrant more attention in financial and economic research. To circumvent the problem of subjectivity faced by previous research when it comes to the identification of narratives, this thesis uses Natural Language Processing techniques rather than manual evaluation of text data. Chapter 4 gives an overview of different methods and the extent to which they are able to identify narrative structures.

Keep in mind the check Ellingsen et al use to check for just general news related movements in the yield curve, do the same if necessary

Also: if possible, generate testing sample and try hand at out of sample prediction – see how that goes!

Chapter 3

Narratives and Decision Making

3.1 What Narratives Are

3.1.1 McAdams Research on Narratives

3.1.2 Social Psychology Background

3.2 How Narratives can help

3.2.1 Bayesian Brain and Predictive Coding

Here, there could be a direct link to the algorithms that are used in Machine Learning, AI, and NLP.

3.2.2 Influence and Change on Human Beings

Akerlof and Shiller understand narratives as a convention, but it is more than that, it changes how people think and perceive the world. Akerlof and Snower (2016)

3.3 Narrative Research

Chapter 4

Natural Language Processing

4.1 Methods in Natural Language Processing

4.1.1 Sensitivity Analysis

4.1.2 Topic Modeling

Chapter 5

Data and Methodology

5.1 Financial Data

Data on target rate adjustments and FOMC meetings was retrieved from the Fed’s website (Federal Reserve System, 2018, 2013; Federal Open Market Committee, 2018a; 2018b) and summarized in table A.1 and A.2 in Appendix A.

The FOMC holds eight regularly scheduled meetings during the year. Additional, unscheduled meetings are called when necessary (Federal Open Market Committee, 2018b). In April 2011, the Fed has taken up the practice of holding quarterly press conferences where it comments on its policy decisions, including its treatment of the target rate. Usually, the press conference took place after every other meeting. In June 2018, the Fed announced that from January 2019 on it will hold a press conference after every meeting (Federal Open Market Committee, 2018c). Table A.1 in Appendix A lists all 195 FOMC meetings that have taken place over the last 20 years. If a meeting lasted two days, only the last day is listed. Unsurprisingly, certain years necessitated more emergency meetings than others: In 2008, the FOMC held a total of 14 meetings, 6 more than usual. In 2001, the FOMC held 13 meetings, two of which were conference calls shortly after the events of 9/11. While the market anticipates the scheduled meetings and forms expectations about potential policy actions, the same is not possible for unscheduled emergency meetings.

Table A.2 in Appendix A gives an overview of the changes in the target rate over the past 20 years. From January 1998 to September 2018, the target rate was adjusted on 57 occasions.

Only six of the 57 adjustments happened after unscheduled meetings. Most notably, two surprise adjustments took place during 2008 and three during 2001, one of them shortly after 9/11. Until 2008, the Fed used to decide and implement the new target rate on the very same day. The practice was changed in 2008 and the target rate was subsequently adjusted on the day following the FOMC meeting.

The development of the target rate over time is characterized by periods of stark increase and decrease. In May 2000, the target rate was at its highest with 6.5%. From January 2001 to June 2003, the target rate decreased steadily until it reached a low point of 1%. Mid-2006, the target rate was again at 5.25% but was lowered drastically in 2007 and 2008 until it reached its all-time low of 0% in December 2008. At the same time, the FOMC introduced a target range and defined the target rate no longer as a discrete number but with the help of an upper and lower bound. For seven years, until december 2015, the FOMC kept the target rate in the range of 0% to 0.25%. Since then, it has slowly raised the rate, announcing a target rate of 2%–2.25% in September 2018.

Daily yield curve, tomson reuters, FRED

Graph mit target rate und 1M and/or 3M rates

Federal Open Market Committee (2018b) Federal Open Market Committee (2018a)

5.2 Text Data

- Federal Funds target rates and major announcements - website of the Federal Reserve
- newspaper articles as collected by the Factiva database
- daily yield curve by Thompson Reuters Datastream.

all absolute Fed target rate changes during the sample period – ev. sind 10 Jahre nicht genug, vor allem weil es dann nur die extraordinary years sind - 20 Jahre? training and testing samples? aber dann müsste man annehmen, dass die Narrative über die Jahre gleichbleiben? oder aber man nimmt einzelne Datenpunkte aus dem sample raus? einzelne Tage (wohl zu wenige Observations) - einzelne ARTikel - sagt das was aus?

Bloomberg, Financial Times, Reuters, Wall Street Journal, Dow Jones Newswires, AFX,

Market News International, the Associated Press and others as collected from the Factiva database

January, 1st 2002 until June, 27th 2017, implying 4,040 changes in the yield curve of which 33 took place during a target rate adjustment

5.2.1 NOTES

BEsprechung - 24.09.2018 —————

- Frage Juan Pablo Ortega ob er Korreferent sein will - nur zwei Narrative finden, ohne Daten vorgeben (Texte nach Meeting verwenden, weil sonst ja nicht Interpretation gefunden wird), dann schauen geht die Kurve beim einen Narrativ hoch beim anderen runter - es sollten auch die non-target rate adjustments verwendet werden, weil ansonsten j schon eine Selektion stattfindet - ABER: stimmt das wirklich, weil wenn kein adjustment, dann bewegt sich doch die Kurve nur gemäss neue Infos auf dem Markt, - also vielleicht doch besser keine adjustment heisst non-policy day?

- Example: nach nine eleven gab es tatsächlich ein paar unangemeldet meetings und daher komische effekte weil wirklich überraschende Verschiebungen in der interest rate

- modell ist gut, unsupervised learning verwenden, nicht vorher sagen, wo geht's hoch und wo runter, und dann ev. auch out-of sample probieren, aber das wäre Paradedisziplin, keine Garantie, dass das funktioniert

Chapter 6

Results

Chapter 7

Conclusion

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Appendix A

Data on Target Rate and FOMC Meetings

Dates of all FOMC meetings over the last 20 years						
26.09.2018	18.03.2015	13.12.2011	*07.02.2009	12.12.2006	12.08.2003	31.01.2001
01.08.2018	28.01.2015	*28.11.2011	28.01.2009	25.10.2006	25.06.2003	*03.01.2001
13.06.2018	17.12.2014	02.11.2011	*16.01.2009	20.09.2006	06.05.2003	19.12.2000
02.05.2018	29.10.2014	21.09.2011	16.12.2008	08.08.2006	*16.04.2003	15.11.2000
21.03.2018	17.09.2014	09.08.2011	29.10.2008	29.06.2006	*08.04.2003	03.10.2000
31.01.2018	30.07.2014	*01.08.2011	*07.10.2008	10.05.2006	*01.04.2003	22.08.2000
13.12.2017	18.06.2014	22.06.2011	*29.09.2008	28.03.2006	*25.03.2003	28.06.2000
01.11.2017	30.04.2014	27.04.2011	16.09.2008	31.01.2006	18.03.2003	16.05.2000
20.09.2017	19.03.2014	15.03.2011	05.08.2008	13.12.2005	29.01.2003	21.03.2000
26.07.2017	*04.03.2014	26.01.2011	*24.07.2008	01.11.2005	10.12.2002	02.02.2000
14.06.2017	29.01.2014	14.12.2010	25.06.2008	20.09.2005	06.11.2002	21.12.1999
03.05.2017	18.12.2013	03.11.2010	30.04.2008	09.08.2005	24.09.2002	16.11.1999
15.03.2017	30.10.2013	*15.10.2010	18.03.2008	30.06.2005	13.08.2002	05.10.1999
01.02.2017	*16.10.2013	21.09.2010	*10.03.2008	03.05.2005	26.06.2002	24.08.1999
14.12.2016	18.09.2013	10.08.2010	30.01.2008	22.03.2005	07.05.2002	30.06.1999
02.11.2016	31.07.2013	23.06.2010	*21.01.2008	02.02.2005	19.03.2002	18.05.1999
21.09.2016	19.06.2013	*09.05.2010	*09.01.2008	14.12.2004	30.01.2002	30.03.1999
27.07.2016	01.05.2013	28.04.2010	11.12.2007	10.11.2004	11.12.2001	03.02.1999
15.06.2016	20.03.2013	16.03.2010	*06.12.2007	21.09.2004	06.11.2001	22.12.1998
27.04.2016	30.01.2013	27.01.2010	31.10.2007	10.08.2004	02.10.2001	17.11.1998
16.03.2016	12.12.2012	16.12.2009	18.09.2007	30.06.2004	*17.09.2001	*15.10.1998
27.01.2016	24.10.2012	04.11.2009	*16.08.2007	04.05.2004	*13.09.2001	29.09.1998
16.12.2015	13.09.2012	23.09.2009	*10.08.2007	16.03.2004	21.08.2001	*21.09.1998
28.10.2015	01.08.2012	12.08.2009	07.08.2007	28.01.2004	27.06.2001	18.08.1998
17.09.2015	20.06.2012	24.06.2009	28.06.2007	09.12.2003	15.05.2001	01.07.1998
29.07.2015	25.04.2012	*03.06.2009	09.05.2007	28.10.2003	*18.04.2001	19.05.1998
17.06.2015	13.03.2012	29.04.2009	21.03.2007	16.09.2003	*11.04.2001	31.03.1998
29.04.2015	25.01.2012	18.03.2009	31.01.2007		20.03.2001	04.02.1998
* indicates an unscheduled meeting/conference call						

Table A.1 – FOMC meetings

FOMC Meeting on										FOMC Meeting on			
Date	$T_{gt_{low}}$	$T_{gt_{up}}$	$\Delta T_{gt_{low}}$	$\Delta T_{gt_{up}}$	day prior	same day	Date	$T_{gt_{low}}$	$T_{gt_{up}}$	$\Delta T_{gt_{low}}$	$\Delta T_{gt_{up}}$	day prior	same day
27.09.2018	2.00%	2.25%	25	-	1	0	14.12.2004	2.25%	-	25	-	0	1
14.06.2018	1.75%	2.00%	25	-	1	0	10.11.2004	2.00%	-	25	-	0	1
22.03.2018	1.50%	1.75%	25	-	1	0	21.09.2004	1.75%	-	25	-	0	1
14.12.2017	1.25%	1.50%	25	-	1	0	10.08.2004	1.50%	-	25	-	0	1
15.06.2017	1.00%	1.25%	25	-	1	0	30.06.2004	1.25%	-	25	-	0	1
16.03.2017	0.75%	1.00%	25	-	1	0	25.06.2003	1.00%	-	-25	-	0	1
15.12.2016	0.50%	0.75%	25	-	1	0	06.11.2002	1.25%	-	-50	-	0	1
17.12.2015	0.25%	0.50%	25	-	1	0	11.12.2001	1.75%	-	-25	-	0	1
16.12.2008	0.00%	0.25%	-75	-100	0	1	06.11.2001	2.00%	-	-50	-	0	1
29.10.2008	1.00%	-	-50	-	0	1	02.10.2001	2.50%	-	-50	-	0	1
*08.10.2008	1.50%	-	-50	-	1	0	*17.09.2001	3.00%	-	-50	-	0	1
30.04.2008	2.00%	-	-25	-	0	1	21.08.2001	3.50%	-	-25	-	0	1
18.03.2008	2.25%	-	-75	-	0	1	27.06.2001	3.75%	-	-25	-	0	1
30.01.2008	3.00%	-	-50	-	0	1	15.05.2001	4.00%	-	-50	-	0	1
*22.01.2008	3.50%	-	-75	-	1	0	*18.04.2001	4.50%	-	-50	-	0	1
11.12.2007	4.25%	-	-25	-	0	1	20.03.2001	5.00%	-	-50	-	0	1
31.10.2007	4.50%	-	-25	-	0	1	31.01.2001	5.50%	-	-50	-	0	1
18.09.2007	4.75%	-	-50	-	0	1	*03.01.2001	6.00%	-	-50	-	0	1
29.06.2006	5.25%	-	25	-	0	1	16.05.2000	6.50%	-	50	-	0	1
10.05.2006	5.00%	-	25	-	0	1	21.03.2000	6.00%	-	25	-	0	1
28.03.2006	4.75%	-	25	-	0	1	02.02.2000	5.75%	-	25	-	0	1
31.01.2006	4.50%	-	25	-	0	1	16.11.1999	5.50%	-	25	-	0	1
13.12.2005	4.25%	-	25	-	0	1	24.08.1999	5.25%	-	25	-	0	1
01.11.2005	4.00%	-	25	-	0	1	30.06.1999	5.00%	-	25	-	0	1
20.09.2005	3.75%	-	25	-	0	1	17.11.1998	4.75%	-	-25	-	0	1
09.08.2005	3.50%	-	25	-	0	1	*15.10.1998	5.00%	-	-25	-	0	1
30.06.2005	3.25%	-	25	-	0	1	29.09.1998	5.25%	-	-25	-	0	1
03.05.2005	3.00%	-	25	-	0	1							
22.03.2005	2.75%	-	25	-	0	1							
02.02.2005	2.50%	-	25	-	0	1							
ΔT_{gt} are given in basis points										* indicates a target rate adjustment following an unscheduled meeting			

Table A.2 – Target rate adjustments

Appendix B

Whatever may come...

B.1 For Example...

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