Decomposition of the inflation risk premium in the U.S.A.

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Abstract

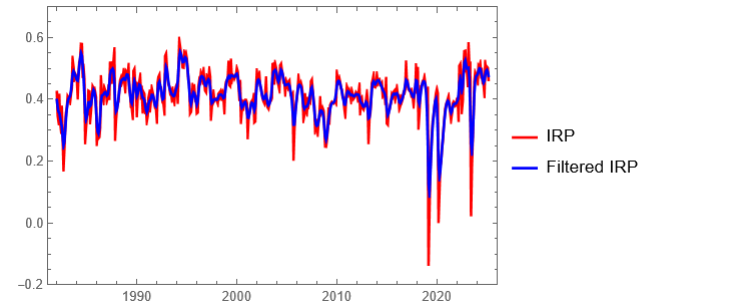
In this paper, I describe the decomposition of the inflation risk premium in the U.S.A.
The paper ends with "The End"

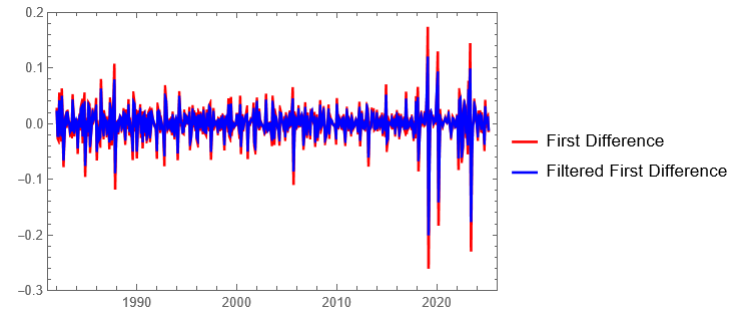
Introduction

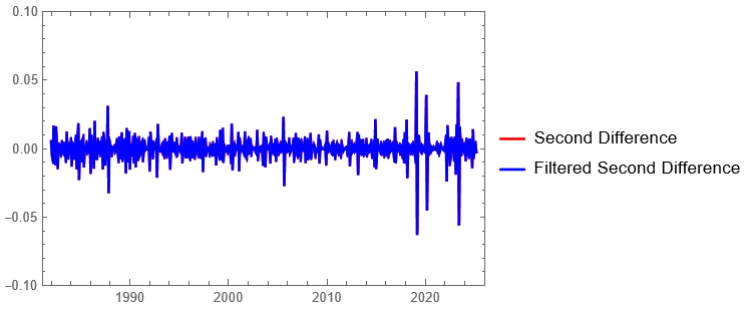
Over the last decade, many economists and financiers have tried to decompose the inflation risk premium in the U.S.A.
In this paper, I describe the decomposition of the inflation risk premium in the U.S.A.

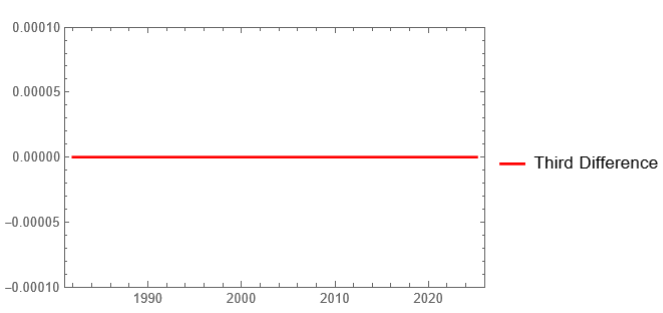
Decomposition of the inflation risk premium in the U.S.A.

The inflation risk premium in the U.S.A. can be decomposed by repeated use of the Gaussian filter and differencing:









Radii and standard deviations of the Gaussian filters

The radius and standard deviation of the first Gaussian filter are e and $\frac{e}{2}$.
The radius and standard deviation of the second Gaussian filter are 1 and $\frac{1}{2}$.
The radius and standard deviation of the third Gaussian filter are $\frac{1}{e}$ and $\frac{1}{2e}$.

The End