

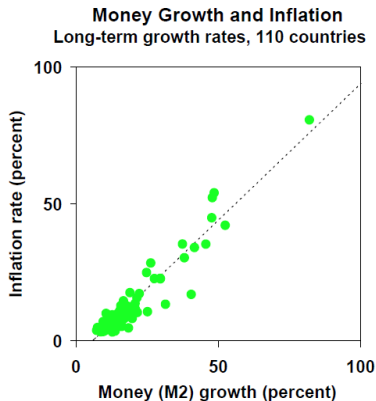
Introduction to Monetary Economics

Seyed Ali Madanizadeh

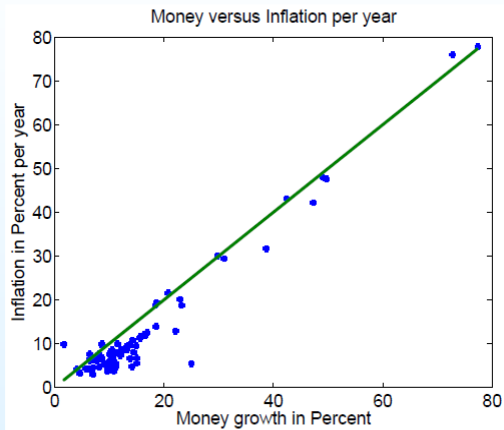
Sharif U. of Tech.

February 13, 2015

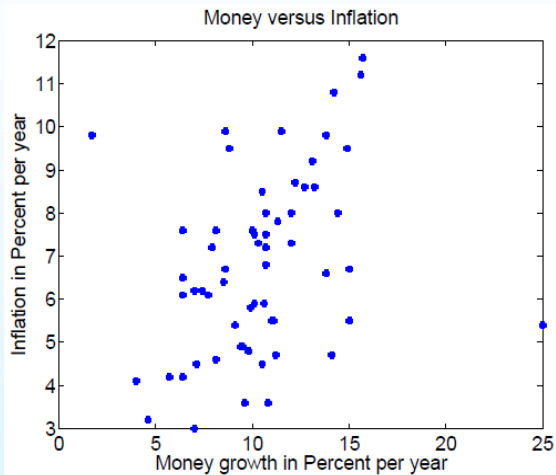
- Some cross-country evidence on money growth and inflation



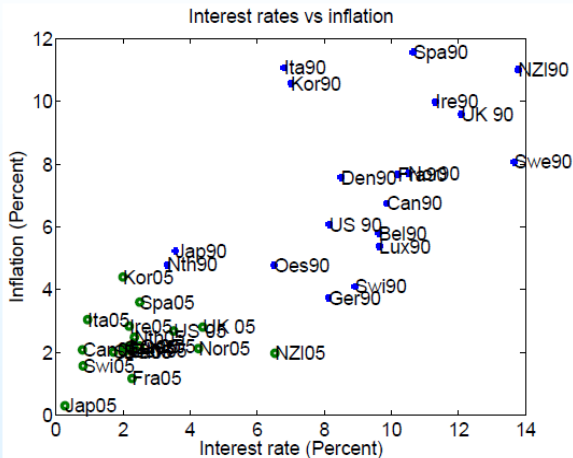
The World



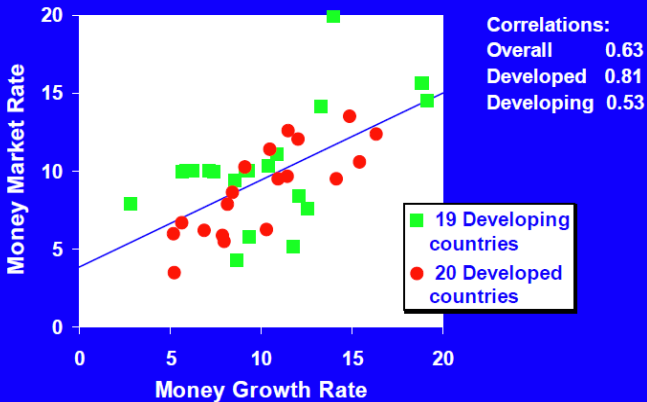
Inflation below 12 percent



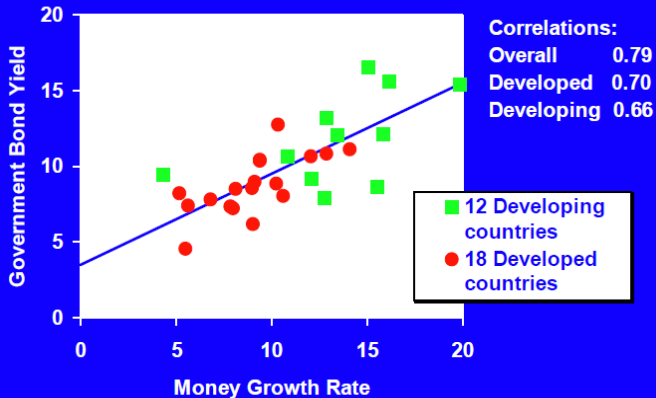
Inflation and Interest Rates: secular decline



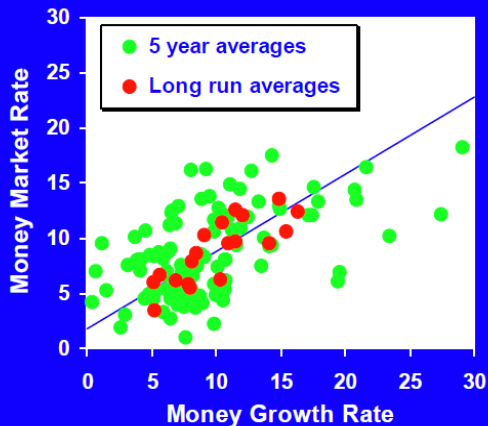
Money Market Rates and Money Growth (Long run averages, 1961 to 1998)



Government Bond Yields and Money Growth (Long run averages, 1961 to 1998)

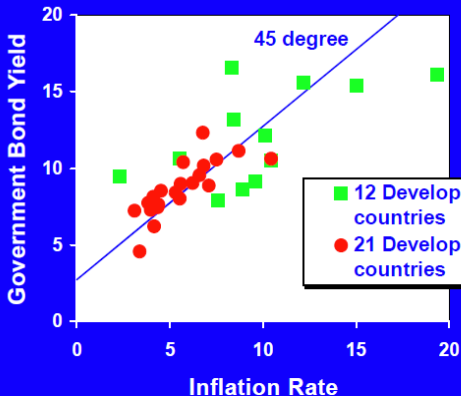


Money Market Rates and Money Growth 20 Developed Countries



Correlations:
5 year 0.52
Long run 0.81

Government Bond Yields and Inflation (Long run averages, 1961 to 1998)



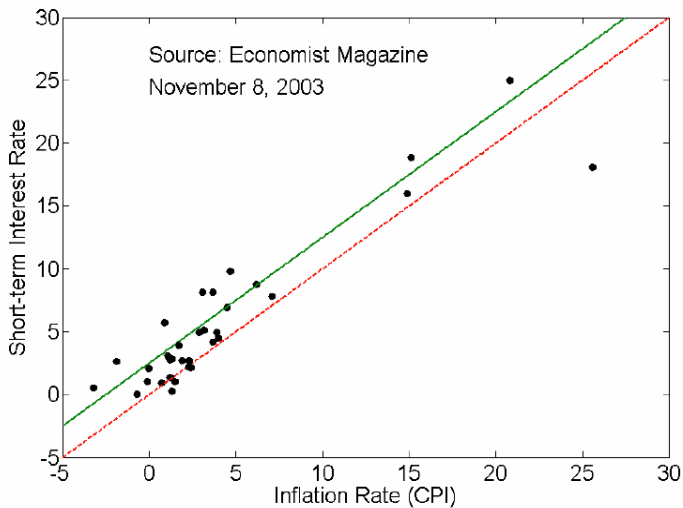
Correlations:

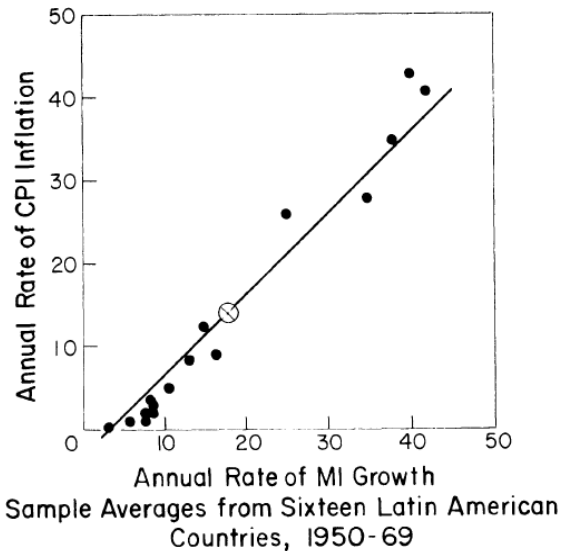
Overall 0.78


Developed 0.79

Developing 0.62

■ 12 Developing countries
● 21 Developed countries






 denotes grand mean

- Now some time-series evidence on money growth and inflation
- ... and interest rates and inflation

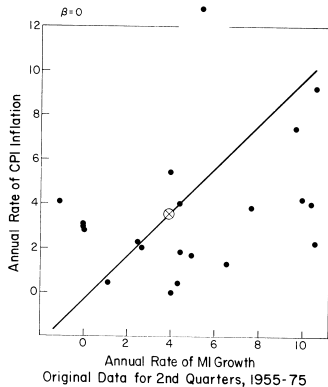


FIGURE 2

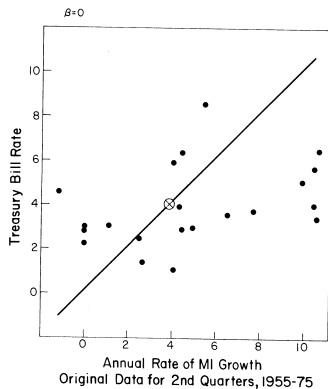


FIGURE 3

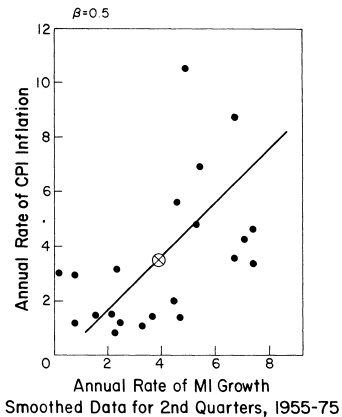


FIGURE 4

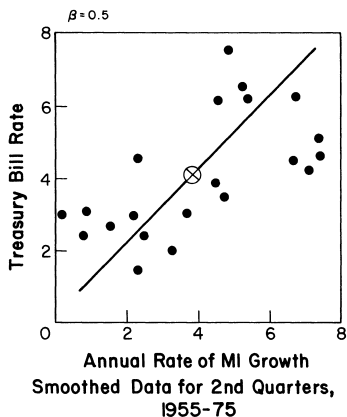


FIGURE 5

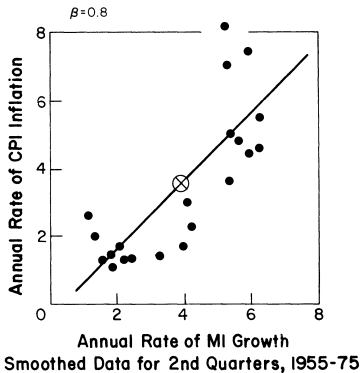


FIGURE 6

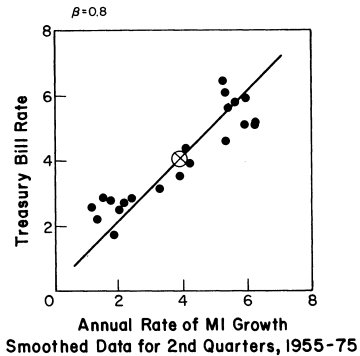


FIGURE 7

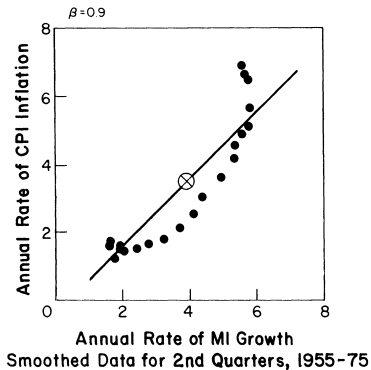


FIGURE 8

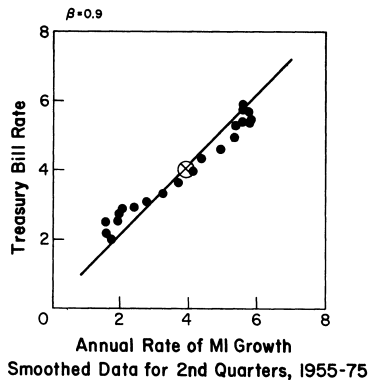


FIGURE 9

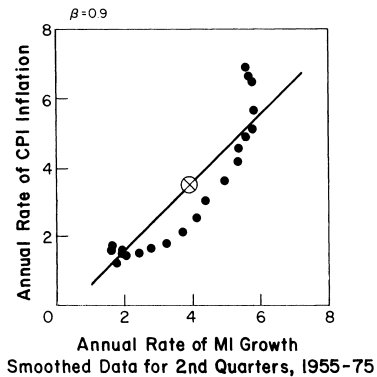


FIGURE 8

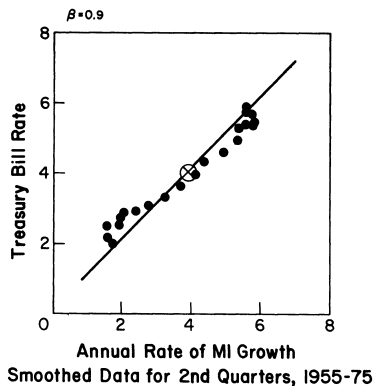
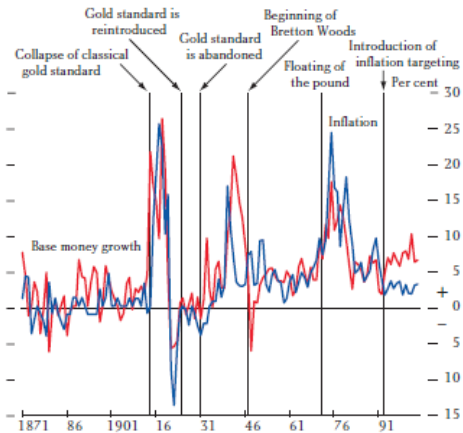


FIGURE 9

Inflation and money growth in the United Kingdom, raw data

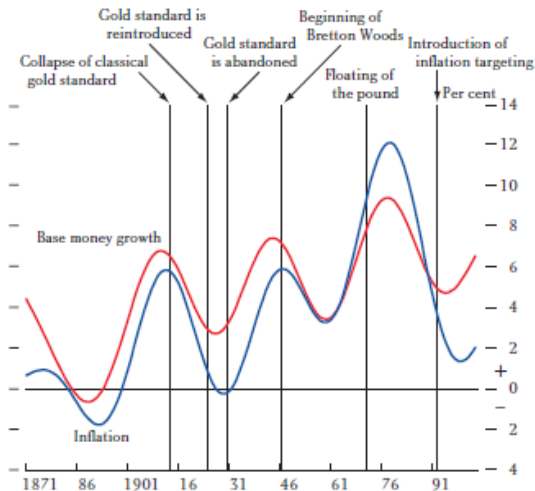
(a) Composite price index^(a) and MO (annual rates of change)

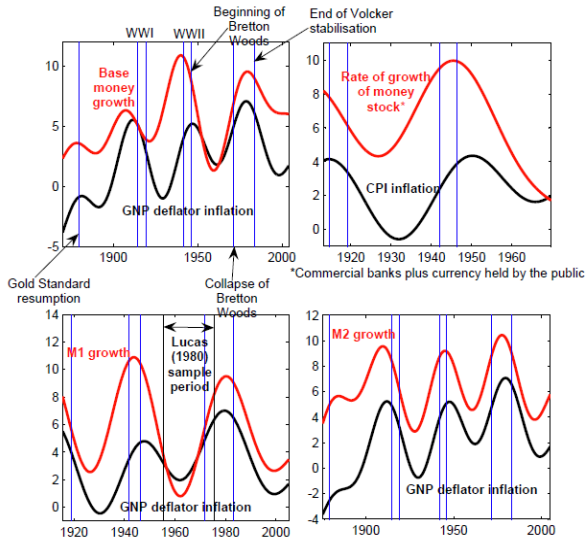


(a) See O'Donoghue, Coughing and Allen (2004).

Components beyond 30 years

(a) Composite price index and MO (annual changes)





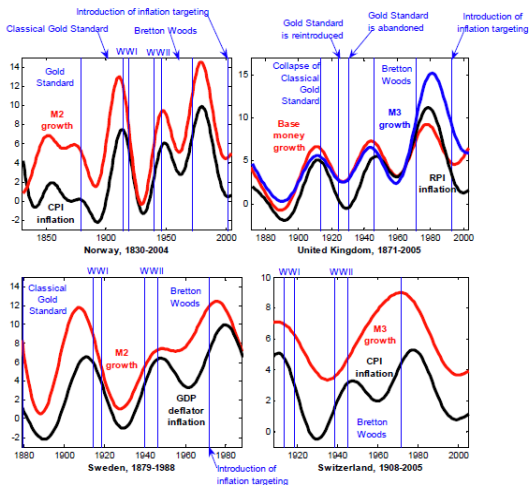


Figure 1 Low-frequency components of inflation and money growth since the Gold Standard era for Norway, the United Kingdom, Sweden, and Switzerland

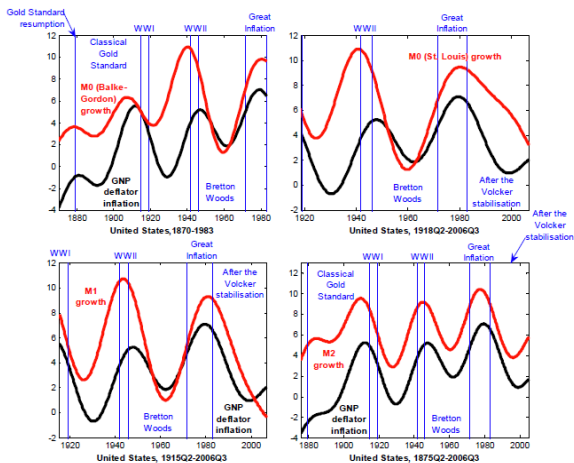


Figure 2 Low-frequency components of inflation and money growth since the Gold Standard era for the United States

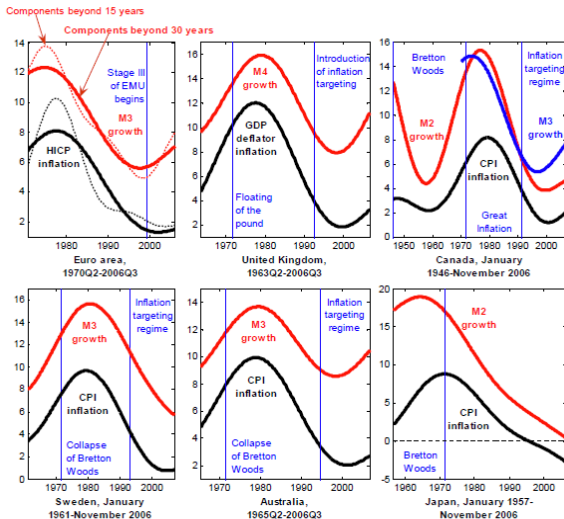
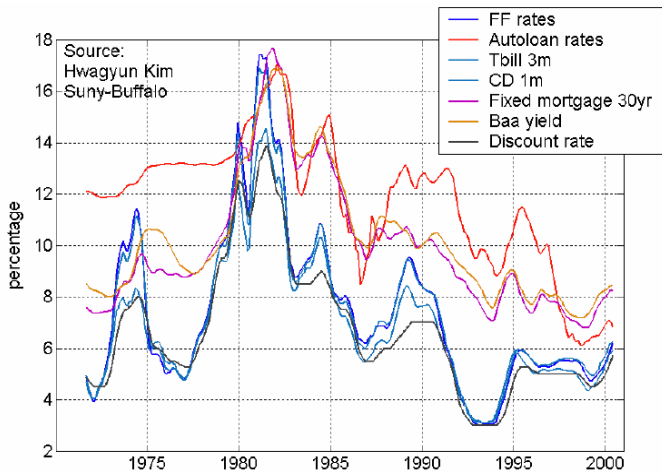


Figure 3 Low-frequency components of inflation and money growth over the post-WWII era for the Euro area, the United Kingdom, Canada, Australia, Sweden, and Japan

Various Monthly Yields: Low frequency only



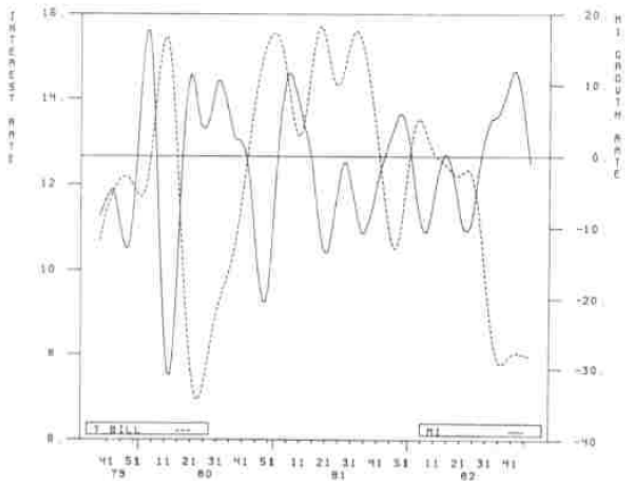


Figure 2. Filtered Treasury-Bill Rate and M1 Growth Rate, 12-Week-to-Infinity Window.

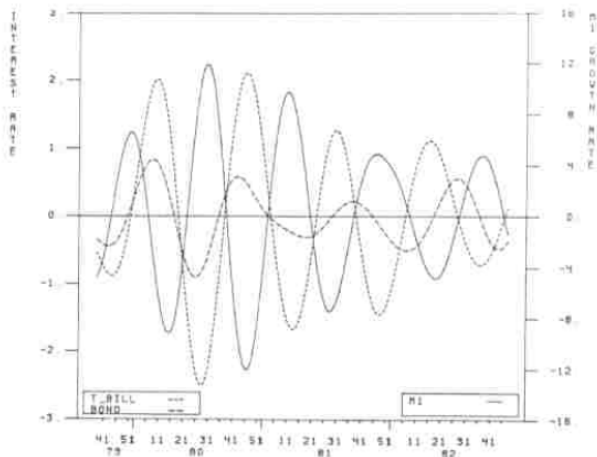


Figure 3. Filtered M1 Growth Rate and Interest Rates, 26–52-Week Window.

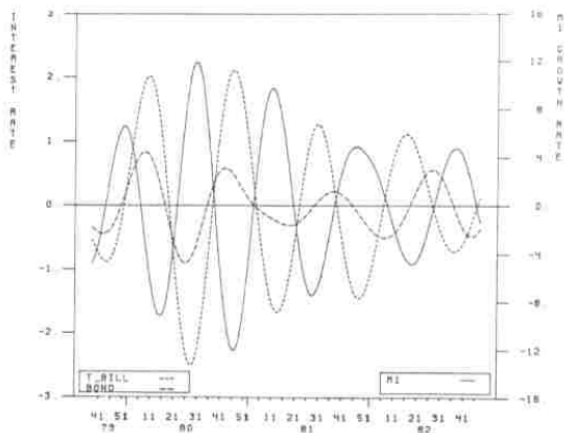


Figure 3. Filtered M1 Growth Rate and Interest Rates, 26–52-Week Window.

Interest and Inflation Rates, U.S. 1948-2000

