



# UNIVERSITY OF THE PHILIPPINES SCHOOL OF ECONOMICS

*and*

**PCED** | Philippine Center for  
Economic Development

*present a seminar on*

## **The yield curve at 8:30 am**

By

**Eli M. Remolona, Ph.D.**

*Bank for International Settlements*

**02 February 2017, Thursday**

4:00-5:00 p.m. – Room 303

### ***Abstract***

We fit a macro-finance term structure model to movements in the US yield curve within 20-minute windows around the releases of major macro announcements. The major US announcements are typically released at exactly 8:30 AM EST. These announcements are the biggest information events in the bond market, producing the highest signal-to-noise ratios. The model we fit is a standard affine-yield model with macroeconomic fundamentals as factors, and it is one in which risk premia behave to resolve the expectations puzzle. The release of a macro announcement leads to a quick updating of macroeconomic expectations and an adjustment of risk premia. The 8:30 AM dynamics of the yield curve suggests that most major announcements are largely about output, and the updating of short rate expectations are accompanied by movements of risk premia in the opposite direction.

### ***About the speaker:***

Eli Remolona is Chief Representative for Asia and the Pacific of the Bank for International Settlements (BIS). He heads a 35-person team in Hong Kong and is responsible for all BIS business and activity in the region. He joined the BIS in 1999, first serving as Head of Financial Markets and Editor of the *BIS Quarterly Review* in Basel, Switzerland, and later as Head of Economics in Hong Kong. Before that, he was Research Officer of the Federal Reserve Bank of New York, where he worked for 14 years. He has a Ph.D. in economics from Stanford University.



**Free and open to the public**

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