You are kindly invited to attend a Joint Seminar of the
National Bank of Belgium, CES-KUL, Ecares-ULB and UCL

by

Isabel Correia
(Banco de Portugal, Universidade Católica Portuguesa and CEPR)

on

Long and Short Term Interest Rate Targets

(with Bernardino Adão, Banco de Portugal, and Pedro Teles, Banco de Portugal, Universidade Católica Portuguesa and CEPR)

Abstract

Under a monetary policy rule for the nominal interest rate, i.e. the return on risk-free short-term nominal bonds, there may be a unique local equilibrium, but there are in general multiple global equilibria. We show that the appropriate interest rate instruments under uncertainty are state-contingent interest rates, or alternatively risk-free rates with different maturities. A policy that pegs those rates implements a unique equilibrium globally. In the way we show how the long term rates are independent policy instruments from the set of short run rates. This is always true except at the zero lower bound.

The seminar will take place on Thursday**, 1 October 2009** from **17.00 (!) until 18.15.** The seminar will be held in the Auditorium of the National Bank of Belgium (Room A), Entrance: Warmoesberg 61, Brussels.

Please reply by email to Yvette.Vandenbosch@nbb.be if you wish to participate to this seminar. With name and car plate number to access the NBB Parking Warmoesberg 41.

Kind regards,
H. De Wachter (KUL), R. Kollmann (ULB), C. Poily (UCL) and R. Wouters (NBB)