



Universität
Basel

Research Project

Term Structure Effects of Demography and Quantitative Easing

Project funded by own resources

Project title Term Structure Effects of Demography and Quantitative Easing

Principal Investigator(s) [Lengwiler, Yvan](#) ;

Co-Investigator(s) [Kugler, Peter](#) ;

Organisation / Research unit

Departement Wirtschaftswissenschaften / Finanzmärkte (Lengwiler)

Project start 01.01.2018

Probable end 31.12.2019

Status Completed

We estimate a theoretically well-founded equilibrium model of yield curves using thirty years of data, and employing a learning formulation of expectations. We find that the decline of real rates is essentially due to demographic shifts, and the decline of nominal yields is due to the taming of inflation. The asymmetric effect of demography casts doubts on the validity of the Fisher equation as a gauge for inflation expectations. We also report evidence that yields are influenced by investors who target nominal rather than real returns, and quantify the effect of growth and inflation expectations and quantitative easing.

Financed by

University funds

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Add documents

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