Figure 1.16. Asia: Estimated Central Bank Reaction Functions\(^1\)
(In percent)

\[ i_t = \rho i_{t-1} + (1-\rho)(\alpha + \gamma_1 E[\pi_{t+1} - \pi^*]) + \gamma_2 E[\text{OutputGap}_{t+1} + \delta_1 \text{REER}_t + \delta_2 \text{US}_3 \text{Myield}_t] + \epsilon_t \]

Sources: Haver Analytics; and IMF staff estimates.

\(^1\) Estimated as of April 2014 with monthly data.

\(^2\) Estimated as \( i_t = \rho i_{t-1} + (1-\rho)(\alpha + \gamma_1 E[\pi_{t+1} - \pi^*]) + \gamma_2 E[\text{OutputGap}_{t+1} + \delta_1 \text{REER}_t + \delta_2 \text{US}_3 \text{Myield}_t] + \epsilon_t \)

\(^3\) Estimated as \( i_t = \alpha + \gamma_1 E[\pi_{t+1} - \pi^*] + \gamma_2 E[\text{OutputGap}_{t+1} + \delta_1 \text{REER}_t + \delta_2 \text{US}_3 \text{Myield}_t] + \epsilon_t \)