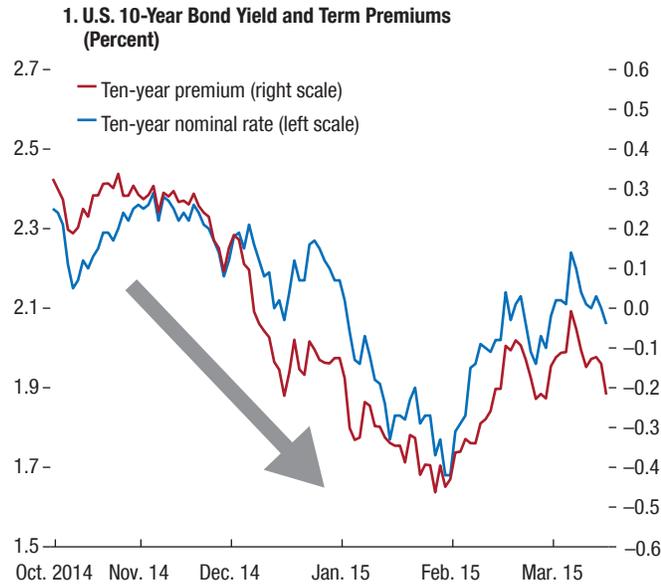
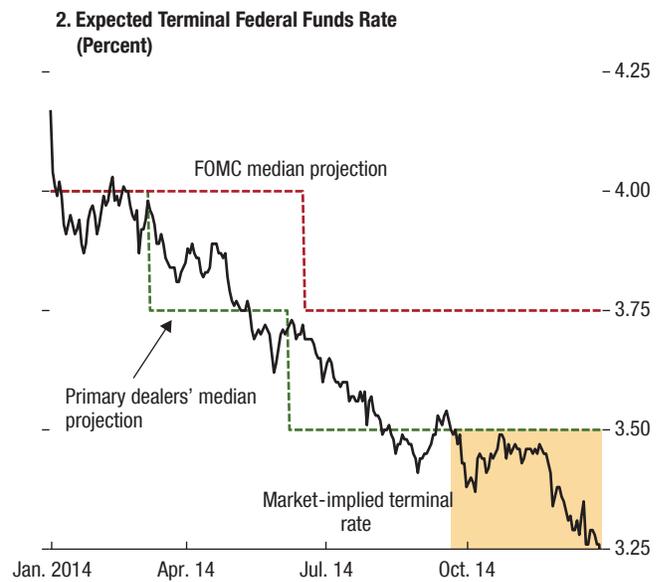


Figure 1.17. U.S. Interest Rates and Term Premiums



Sources: Haver Analytics; and IMF staff estimates.



Sources: Bloomberg, L.P.; Kim and Wright (K&W) (2005, updated); and IMF staff estimates.

Note: The market-implied terminal rate is derived from the 10-year Treasury rate, the 10-year term premium (Kim and Wright 2005), and the expected months to liftoff in the federal funds rate. The pace of rate hikes is assumed to be 100 basis points per year until the terminal rate is reached. FOMC = Federal Open Market Committee.