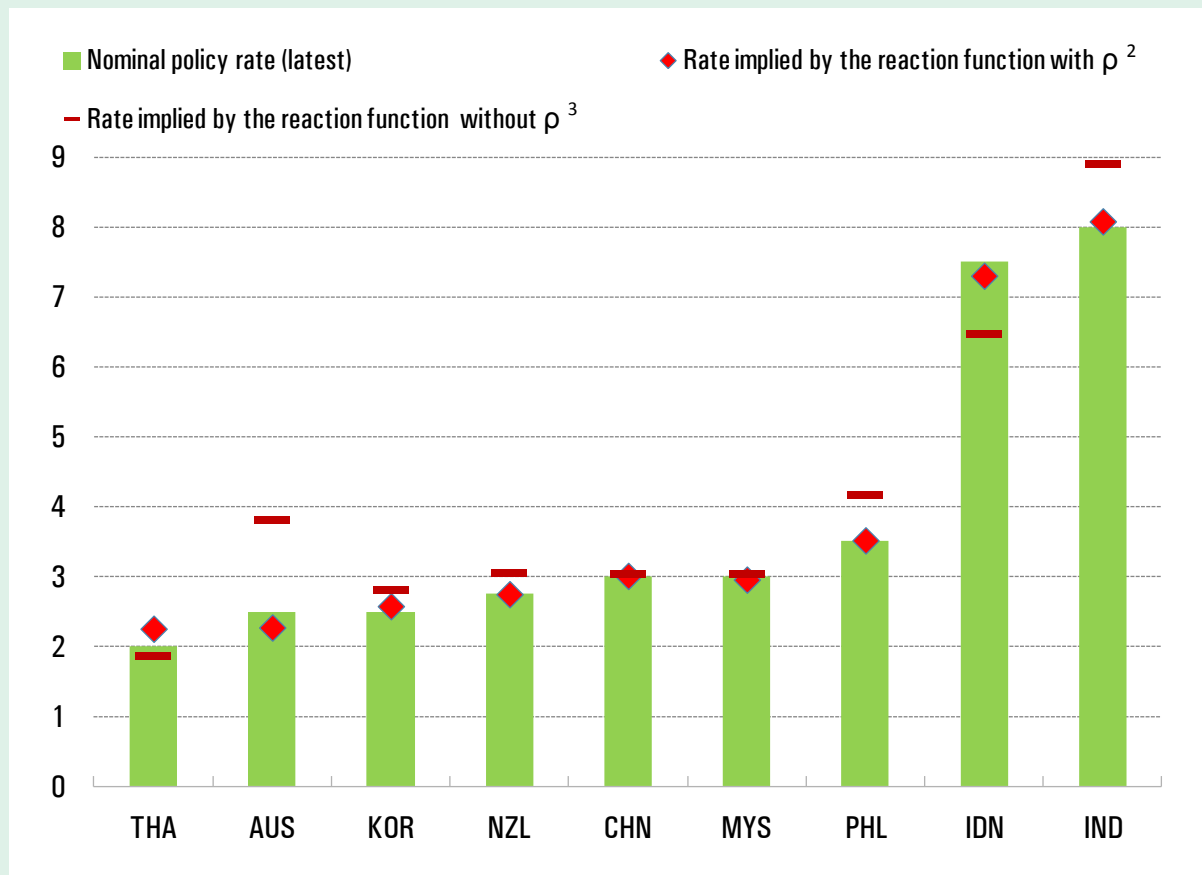


**Figure 1.16. Asia: Estimated Central Bank Reaction Functions<sup>1</sup>**

*(In percent)*



Sources: Haver Analytics; and IMF staff estimates.

<sup>1</sup> Estimated as of April 2014 with monthly data.

<sup>2</sup> Estimated as  $i_t = \rho^* i_{t-1} + (1-\rho^*)(\alpha + \gamma_1 E_t[\pi_{t+1}-\pi^*] + \gamma_2 E_t[\text{OutputGap}_{t+1}] + \delta_1 \text{REER}_t + \delta_2 \text{US\_3Myield}_t) + \varepsilon_t$

<sup>3</sup> Estimated as  $i_t = \alpha + \gamma_1 E_t[\pi_{t+1}-\pi^*] + \gamma_2 E_t[\text{OutputGap}_{t+1}] + \delta_1 \text{REER}_t + \delta_2 \text{US\_3Myield}_t + \varepsilon_t$