

# The 81<sup>st</sup> Annual Meeting of the Japan Society of International Economics

**Title of the Paper:** The role of global liquidity in the term structure of interest rates

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**Abstract:** As the global liquidity has emerged as an important factor in the global financial market since the global financial crisis in 2008, the global financial market has been interested in the effect of the global liquidity on global yield dynamics. This paper examines the role of global liquidity in global yield dynamics based on the macro-finance model. The estimation results show that global liquidity plays more important role in explaining the global level factor than global inflation but such macro factors appear not to explain the global slope factor. We interpret that global liquidity has not only information in global commodity inflation but also global asset price inflation and future expected inflation and thus more explanatory power than global inflation.

*JEL Classification Number:* E4, C5, G1, F4

*Key Words:* Term structure, Global liquidity, Dynamic factor model, Global yield, Yield curve