

**ECONOMIC RESEARCH**  
FEDERAL RESERVE BANK of ST. LOUIS

**Refereed Publications 2007**

Published 2007

(Working paper numbers are in parentheses.)

*Forthcoming, December 2006*

1. Michael J. Dueker, Andreas M. Fischer, and Robert D. Dittmar  
"Stochastic Capital Depreciation and the Co-movement of Hours and Productivity"  
*Topics in Macroeconomics*, 2007, 6(3), Article 6. (WP-2002-003C)
2. Daniel L. Thornton  
"When Did the FOMC Begin Targeting the Federal Funds Rate?"  
*Journal of Money, Credit, and Banking*, December 2006, 38(8), pp. 2039-71. (WP-2004-015B)
3. Lucio Sarno, Daniel L. Thornton, and Giorgio Valente  
"The Empirical Failure of the Expectations Hypothesis of the Term Structure of Bond Yields"  
*Journal of Financial and Quantitative Analysis*, 2007, 42(1), pp. 81-100. (WP-2003-021C)
4. Christopher H. Wheeler  
"Productivity and Geographic Concentration of Industry: The Role of Plant Scale"  
*Regional Science and Urban Economics*, May 2006, 36(3), pp. 313-30. (WP-2004-024A)
5. James B. Bullard and Kaushik Mitra  
"Determinacy, Learning, and Monetary Policy Inertia"  
*Journal of Money, Credit, and Banking*, 2007, 39(5), pp. 1177-1212. (WP-2000-030C)
6. Michael J. Dueker and Christopher J. Neely  
"Can Markov-Switching Models Predict Excess Foreign Exchange Returns"  
*Journal of Banking and Finance*, February 2007, 31(2), pp. 279-96. (WP-2001-021F)
7. Michael J. Dueker, Martin Sola, and Fabio Spagnolo  
"Contemporaneous Threshold Autoregressive Models: Estimation, Testing, and Forecasting."  
*Journal of Econometrics*, December 2007, 141(2), pp. 517-47. (WP-2003-024C)
8. Hui Guo  
"The Risk-Return Relation in International Markets"  
*Financial Review*, November 2006, 41(4), pp. 565-88. (WP-2003-012C)
9. Chang-Jin Kim, Jeremy Piger, and Robert Startz  
"The Dynamic Relationship Between Permanent and Transitory Components of U.S. Business Cycles"  
*Journal of Money, Credit, and Banking*, February 2007, 39(1), pp. 187-204. (WP-2001-017D)
10. Lucio Sarno, Daniel L. Thornton, and Yi Wen  
"What's Unique About the Federal Funds Rate? Evidence from a Spectral Perspective"  
*Oxford Bulletin of Economics and Statistics*, April 2007, 69(2), pp. 293-319. (WP-2002-029A)
11. Christopher H. Wheeler  
"Industry Localization and Earnings Inequality: Evidence from U.S. Manufacturing"  
*Papers in Regional Science*, March 2007, 86(1), pp. 77-100. (WP-2004-023B)
12. William T. Gavin, Finn E. Kydland, and Michael R. Pakko  
"Monetary Policy, Taxes, and the Business Cycle"  
*Journal of Monetary Economics*, September 2007, 54(6), pp. 1587-1611. (WP-2004-017D)

13. Subhaya Bandyopadhyay and Howard J. Wall  
 "Policy Evaluation in the Presence of Outsourcing: Global Competitiveness versus Political Feasibility"  
*Economics and Politics*, July 2007, 19(2), pp. 219-34. (WP-2005-058B)
14. Christopher H. Wheeler  
 "Do Localization Economies Derive from Human Capital Externalities?"  
*Annals of Regional Science*, March 2007, 41(1), pp. 31-50. (WP-2005-015A)
15. Hui Guo and Jason Higbee  
 "Market Timing with Aggregate and Idiosyncratic Stock Volatilities"  
*Journal of Portfolio Management*, Summer 2007, 33(4) pp. 26-32. (WP-2005-073B)
16. Luis Aguiar-Conraria and Yi Wen  
 "Understanding the Large Negative Impact of Oil Shocks"  
*Journal of Money, Credit, and Banking*, June 2007, 39(4), pp. 925-44. (WP-2005-042B)
17. Christopher H. Wheeler  
 "Job Flows and Productivity Dynamics: Evidence from U.S. Manufacturing"  
*Macroeconomic Dynamics*, April 2007, 11(2), pp. 175-201. (WP-2005-017A)
18. Yi Wen  
 "By Force of Demand: Explaining International Comovements"  
*Journal of Economic Dynamics and Control*, January 2007, 31(1), pp. 1-23. (WP-2005-043B)
19. Christopher H. Wheeler  
 "Cities and the Growth of Wages Among Young Workers: Evidence from the NLSY"  
*Journal of Urban Economics*, September 2006, 60(2), pp. 162-84. (WP-2005-055A)
20. Pengfei Wang and Yi Wen  
 "Inflation Dynamics: A Cross-Country Investigation"  
*Journal of Monetary Economics*, October 2007, 54(7), pp. 2004-31. (WP-2005-076D)
21. Cletus C. Coughlin, Thomas A. Garrett, and Rubén Hernández-Murillo  
 "Spatial Dependence in Models of State Fiscal Policy Convergence"  
*Public Finance Review*, May 2007, 35(3), pp. 361-84. (WP-2006-001B)
22. Carolina Fugazza, Massimo Guidolin, and Giovanna Nicodano  
 "Investing for the Long Run in European Real Estate"  
*Journal of Real Estate Finance and Economics*, January 2007, 34(1), pp. 35-80. (WP-2006-028A)
23. Rajdeep Sengupta  
 "Foreign Entry and Bank Competition"  
*Journal of Financial Economics*, May 2007, 84(2), pp. 502-28. (WP-2006-043A)

### ***New Manuscripts***

24. Riccardo DiCecio and Levon Barseghyan  
 "Optimal Monetary Policy, Endogenous Sticky Prices, and Multiple Equilibria"  
*Topics in Macroeconomics*, 2007, 7(1), Article 8. (WP-2005-036D)
25. Michel Beine, Jerome Lahaye, Sebastien Laurent, Christopher J. Neely, and Franz Palm  
 "Central Bank Intervention and Exchange Rate Volatility, Its Continuous and Jump Components"  
*International Journal of Finance and Economics*, April 2007, 12(2), pp. 201-224. (WP-2006-031C)
26. Christopher J. Neely and Paul A. Weller  
 "Central Bank Intervention with Limited Arbitrage"  
*International Journal of Finance and Economics*, April 2007, 12(2), pp. 249-60. (WP-2006-033B)

27. Massimo Guidolin and Allan Timmermann  
“Properties of Equilibrium Asset Prices Under Alternative Learning Schemes”  
*Journal of Economic Dynamics and Control*, January 2007, 31(1), pp. 161-21. (WP-2005-009B)
28. William T. Gavin, Robert Dittmar, and Michael D. Bordo  
“Gold, Fiat Money and Price Stability”  
*Topics in Macroeconomics*, 2006, 7(1), Article 26. (WP-2003-014D)
29. William T. Gavin  
“Recent Developments in Monetary Macroeconomics and U.S. Dollar Policy”  
*ICFAI Journal of Monetary Economics*, 2007, 5(3), pp. 49-56. (WP-2005-062C)
30. David C. Wheelock, Thomas A. Garrett, and Gary A. Wagner  
“Regional Disparities in the Spatial Correlation of State Income Growth”  
*Annals of Regional Science*, September 2007, 41(3), pp. 601-18. (WP-2005-061B)
31. Massimo Guidolin and Allan Timmermann  
“Asset Allocation Under Multivariate Regime Switching”  
*Journal of Economic Dynamics and Control*, 2007, 31(11), pp. 3503-44. (WP-2005-002C)

## Refereed Publications 2007

Forthcoming 2008  
(Working paper numbers are in parentheses.)

### *Forthcoming, December 2006*

1. Christopher H. Wheeler  
“Worker Turnover, Industry Localization, and Producer Size”  
*Journal of Economic Behavior and Organization*, forthcoming. (WP-2004-021A)
2. Suresh K. Nair and Richard G. Anderson  
“A Specialized Inventory Problem in Banks: Optimizing Retail Sweeps”  
*Journal of Economic Methodology*, forthcoming. (WP-2005-023A)
3. Richard G. Anderson, William H. Greene, Bruce D. McCullough, and Hrishikesh D. Vinod  
“The Role of Data and Program Code Archives in the Future of Economic Research”  
*Journal of Economic Methodology*, forthcoming. (WP-2005-014C)
4. James B. Bullard and James Feigenbaum  
“A Leisurely Reading of the Life-Cycle Consumption Data”  
*Journal of Monetary Economics*, forthcoming. (WP-2003-017E)
5. Michael R. Pakko  
“No Smoking at the Slot Machines: The Effect of a Smoke-free Law on Delaware Gaming Revenues”  
*Applied Economics*, forthcoming. (WP-2005-054C)
6. Thomas A. Garrett  
“Evaluating State Tax Revenue Variability: A Portfolio Approach”  
*Applied Economics Letters*, forthcoming. (WP-2006-008B)
7. Suresh K. Nair and Richard G. Anderson  
“A Specialized Inventory Problem in Banks: Optimizing Retail Sweeps”  
*Production Optimization and Management Science*, forthcoming. (WP-2005-023A)
8. Giang Ho and Anthony Pennington-Cross  
“Predatory Lending Laws and the Cost of Credit”  
*Real Estate Economics*, forthcoming. (WP-2006-022A)

### *Under Editorial Review, December 2006*

9. Thomas A. Garrett and Mark W. Nichols  
“Do Casinos Export Bankruptcy?”  
*Journal of Socio-economics*, forthcoming. (WP-2005-019A)
10. Hui Guo and Christopher J. Neely  
“Investigating the Intertemporal Risk-Return Relation in International Stock Markets with the Component GARCH Model”  
*Economics Letters*, forthcoming. (WP-2006-006A)

11. Thomas A. Garrett and Nalinaksha Bhattacharyya  
 “Why People Choose Negative Expected Return Assets: An Empirical Examination of a Utility Theoretic Explanation”  
*Applied Economics*, forthcoming. (WP-2006-014A)
12. Massimo Guidolin and Giovanna Nicodano  
 “Small Caps in International Equity Portfolios: The Effects of Variance Risk”  
*Annals of Finance*, forthcoming. (WP-2005-075B)
13. James B. Bullard, George W. Evans, and Seppo Honkapohja  
 “Monetary Policy, Judgment, and Near-Rational Exuberance”  
*American Economic Review*, forthcoming. (WP-2007-008A) (previously WP-2004-025B)
14. Chang-Jin Kim, Jeremy M. Piger, and James Morley  
 “A Bayesian Approach to Counterfactual Analysis of Structural Change”  
*Journal of Applied Econometrics*, forthcoming. (WP- 2004-014D)
15. Marcelle Chauvet and Jeremy M. Piger  
 “A Comparison of the Real-Time Performance of Business Cycle Dating Methods”  
*Journal of Business and Economic Statistics*, forthcoming. (WP-2005-021A)
16. Chang-Jin Kim, Jeremy M. Piger, and Richard Startz  
 “Estimation of Markov Regime-Switching Regression Models with Endogenous Switching”  
*Journal of Econometrics*, forthcoming. (WP-2003-015C)

#### ***New Manuscripts***

17. Massimo Guidolin and Eliana La Ferrara  
 “Diamonds Are Forever, Wars Are Not. Is Conflict Bad for Private Firms?”  
*American Economic Review*, forthcoming. (WP-2005-004C)
18. Hui Guo, Robert Savickas, Zijun Wang, and Jian Yang  
 “Is Value Premium a Proxy for Time-Varying Investment Opportunities: Some Time-Series Evidence”  
*Journal of Financial and Quantitative Analysis*, forthcoming. (WP-2005-026C)
19. Michael T. Owyang and Howard J. Wall  
 “Regional VARs and the Channels of Monetary Policy”  
*Applied Economics Letters*, forthcoming. (WP-2006-002A)
20. Edward Nelson  
 “Ireland and Switzerland: The Jagged Edges of the Great Inflation”  
*European Economic Review*, forthcoming. (WP-2006-016A)
21. Pasquale Della Corte, Lucio Sarno, and Daniel L. Thornton  
 “The Expectations Hypothesis of the Term Structure of Very Short-Term Rates: Statistical Tests and Economic Value”  
*Journal of Financial Economics*, forthcoming. (WP-2006-061B)
22. Massimo Guidolin and Allan Timmermann  
 “Size and Value Anomalies Under Regime Shifts”  
*Journal of Financial Econometrics*, forthcoming. (WP-2005-007B)
23. Massimo Guidolin and Allan Timmermann  
 “International Asset Allocation Under Regime Switching, Skew and Kurtosis Preferences”  
*Review of Financial Studies*, forthcoming. (WP-2005-034C)
24. Massimo Guidolin and Allan Timmermann  
 “Forecasts of U.S. Short-Term Interest Rates: A Flexible Forecast Combination Approach”  
*Journal of Econometrics*, forthcoming. (WP-2005-059C)

25. Subhayu Bandyopadhyay, Cletus C. Coughlin, and Howard J. Wall  
 "Ethnic Networks and U.S. Exports"  
*Review of International Economics*, forthcoming. (WP-2005-069E)
26. Christopher J. Neely and Bruce Mizrach  
 "The Microstructure of Bond Market Tatonnement"  
*Journal of Banking and Finance*, forthcoming. (WP-2005-070E)
27. Massimo Guidolin and Giovanna Nicodano  
 "Small Caps in International Equity Portfolios: The Effects of Variance Risk"  
*Annals of Finance*, forthcoming. (WP-2005-075B)
28. Pengfei Wang and Yi Wen  
 "Imperfect Competition and Indeterminacy of Aggregate Output"  
*Journal of Economic Theory*, forthcoming. (WP-2006-017C)
29. Christopher J. Neely  
 "Central Bank Authorities' Beliefs About Foreign Exchange Intervention"  
*Journal of International Money and Finance*, forthcoming. (WP-2006-045C)
30. Christopher J. Neely, Paul A. Weller, and Joshua M. Ulrich  
 "The Adaptive Markets Hypothesis: Evidence from the Foreign Exchange Market"  
*Journal of Financial and Quantitative Analysis*, forthcoming. (WP-2006-046B)
31. Subhayu Bandyopadhyay and Howard J. Wall  
 "Is There Too Little Immigration? An Analysis of Temporary Skilled Migrants"  
*Journal of International Trade and Economic*, forthcoming. (WP-2006-062B)
32. Luís Aguiar-Conraria and Yi Wen  
 "Oil Dependence and Economic Instability"  
*Macroeconomic Dynamics*, forthcoming. (WP-2006-060B)
33. Edward Nelson  
 "The Great Inflation and Early Disinflation in Japan and Germany"  
*International Journal of Central Banking*, forthcoming. (WP- 2006-052E)
34. Subhayu Bandyopadhyay and Suryadipta Roy  
 "Corruption and Trade Protection: Evidence from Panel Data"  
*International Journal of Economic Research*, forthcoming. (WP-2007-022A)
35. Subhayu Bandyopadhyay and Ryo Takashima  
 "Nash Equilibrium Tariffs and Illegal Immigration: An Analysis of Preferential Trade Liberalization"  
*International Economics and Finance Journal*, forthcoming. (WP-2007-021A)
36. Subhayu Bandyopadhyay and Sudeshna C. Bandyopadhyay  
 "Trade and Child Labor: A General Equilibrium Analysis"  
*Emerging Markets Finance and Trade*, forthcoming. (WP-2007-024A)

# ECONOMIC RESEARCH

FEDERAL RESERVE BANK of ST. LOUIS

Under Editorial Review, December 2007  
(Working paper numbers are in parentheses)

(Carried forward from submissions as of December 2006)

## *Initial Submissions*

1. James B. Bullard and John Duffy  
“Learning and Structural Change in Macroeconomic Data”  
Submitted to *Journal of Monetary Economics*. (WP-2004-016A)
2. Hui Guo and Robert Savickas  
“The Relation Between Time-Series and Cross-Sectional Effects of Idiosyncratic Variance on Stock Returns in G7 Countries”  
Submitted to *Journal of Finance*. (WP-2006-036A)
3. Simona Mola and Massimo Guidolin  
“Why Do Analysts Continue to Provide Favorable Coverage for Seasoned Stocks?”  
Submitted to *Journal of Financial Economics*. (WP-2006-034A)
4. Hui Guo, Zijun Wang, and Jian Yang  
“Does Aggregate Relative Risk Aversion Change Countercyclically Over Time? Evidence from the Stock Market”  
Submitted to *Journal of Political Economy*. (WP-2006-047A)
5. Andrew T. Levin and Jeremy M. Piger  
“Is Inflation Persistence Intrinsic In Industrial Economies?”  
Submitted to *Journal of Money, Credit, and Banking*. (WP-2002-023E)
6. Christopher H. Wheeler  
“Urban Decentralization and Income Inequality: Is Sprawl Associated with Rising Income Segregation Across Neighborhoods?”  
Submitted to *Urban Studies*. (WP-2006-037B)
7. Thomas A. Garrett  
“War and Pestilence as Labor Market Shocks: Manufacturing Wage Growth, 1914-1919”  
Submitted to *Economic Inquiry*. (WP-2006-018C)
8. James B. Bullard and Aarti Singh  
“Worldwide Macroeconomic Stability and Monetary Policy Rules”  
Submitted to *Journal of Monetary Economics*. (WP-2006-040B)
9. Michael J. Dueker and Katrin Wesche  
“Forecasting Macro Variables with a Qual VAR Business Cycle Turning Point Index”  
Submitted to *Applied Economics*. (WP-2001-019B)
10. Neville Francis, Michael T. Owyang, and Jennifer E. Roush  
“A Flexible Finite-Horizon Identification of Technology Shocks”  
Submitted to *Journal of the European Economic Association*. (WP-2005-024D)

### ***Requested Resubmissions***

11. Daniel L. Thornton and Marco Lippi  
“A Dynamic Factor Analysis of the Response of U.S. Interest Rates to News”  
Revised and resubmitted to *European Economic Review* (WP-2004-013A)
12. Siddhartha Chib and Michael J. Dueker  
“Non-Markovian Regime Switching with Endogenous States and Time-Varying State Strengths”  
Revised and resubmitted to *Journal of Time Series Analysis*. (WP-2004-030A)
13. Riccardo DiCecio  
“Comovement: It's Not a Puzzle”  
Revised and resubmitted to *Journal of Economic Dynamics and Control*. (WP-2005-035B)
14. Hui Guo  
“On the Real-Time Forecasting Ability of the Consumption-Wealth Ratio”  
Revised and resubmitted to *Economic Inquiry*. (WP-2003-007B)
15. Hui Guo and Robert Savickas  
“On the Cross Section of Conditionally Expected Stock Returns”  
Revised and resubmitted to *Journal of Empirical Finance*. (WP-2003-043A)
16. Hui Guo and Robert Savickas  
“Idiosyncratic Volatility, Economic Fundamentals, and Foreign Exchange Rates”  
Revised and resubmitted to *Journal of Banking and Finance*. (WP-2005-025B)
17. Jeremy M. Piger and Robert H. Rasche  
“Inflation: Do Expectations Trump the Gap?”  
Revised and resubmitted to *International Journal of Central Banking*. (WP-2006-013B)
18. Souphala Chomsisengphet and Anthony Pennington-Cross  
“Subprime Refinancing: Equity Extraction and Mortgage Termination”  
Revised and resubmitted to *Real Estate Economics*. (WP-2006-023A)
19. Anthony Pennington-Cross  
“The Duration of Foreclosures in the Subprime Mortgage Market: A Competing Risks Model with Mixing”  
Revised and resubmitted to *Journal of Real Estate Finance* (WP-2006-027A)
20. James B. Bullard and Eric Schaling  
“Monetary Policy, Determinacy, and Learnability in a Two-Block World Economy”  
Revised and resubmitted to *Journal of Money, Credit, and Banking*. (WP-2006-038A)
21. Richard G. Anderson, Hailong Qian, and Robert H. Rasche  
“Analysis of Panel Vector Error Correction Models Using Maximum Likelihood, the Bootstrap, and Canonical-Correlation Estimators”  
Revised and resubmitted to *Econometric Reviews*. (WP-2006-050A)
22. William T. Gavin and David M. Kemme  
“Using Extraneous Information to Analyze Monetary Policy in Transition Economies”  
Revised and resubmitted to *Journal of International Money and Finance*. (WP-2004-034C)
23. David C. Wheelock and Paul Wilson  
“Non-parametric, Unconditional Quantile Estimation for Efficiency Analysis with an Application to Federal Reserve Check Processing Operations”  
Revised and resubmitted to *Journal of Econometrics*. (WP-2005-027B)

24. Jeffrey P. Cohen and Cletus C. Coughlin  
 "Spatial Hedonic Models of Airport Noise, Proximity, and Housing Prices"  
 Revised and resubmitted to *Journal of Regional Science*. (WP-2006-026C)
25. Massimo Guidolin and Stuart Hyde  
 "Who Tames the Celtic Tiger? Portfolio Implications from a Multivariate Markov-Switching Model"  
 Revised and resubmitted to *Applied Financial Economics*. (WP-2006-029B)
26. William T. Gavin, Benjamin D. Keen, and Michael R. Pakko  
 "Inflation Risk and Optimal Monetary Policy"  
 Revised and resubmitted to *Macroeconomic Dynamics*. (WP-2006-035C)
27. David C. Wheelock and Paul W. Wilson  
 "Robust Non-parametric Quantile Estimation of Efficiency and Productivity Change in U.S. Commercial Banking, 1985-2004"  
 Revised and resubmitted to *Journal of Business and Economic Statistics*. (WP-2006-041B)
28. Christopher H. Wheeler and Elizabeth A. La Jeunesse  
 "Neighborhood Income Inequality"  
 Revised and resubmitted to *Journal of Regional Science*. (WP-2006-039B)
29. Thomas A. Garrett and Gary A. Wagner  
 "Red Ink in the Rearview Mirror: Local Fiscal Conditions and the Issuance of Traffic Tickets"  
 Revised and resubmitted to *Journal of Law and Economics*. (WP-2006-048C)
30. Christopher H. Wheeler  
 "Technology and Industrial Agglomeration: Evidence from Computer Usage"  
 Revised and resubmitted to *Papers in Regional Science*. (WP-2005-016B)
31. Christopher H. Wheeler  
 "Local Market Scale and the Pattern of Job Changes Among Young Men"  
 Revised and resubmitted to *Regional Science and Urban Economics*. (WP-2005-033B)
32. Anatoliy Belaygorod and Michael J. Dueker  
 "The Price Puzzle and Indeterminacy in an Estimated DSGE Model"  
 Revised and resubmitted to *Journal of Economic Dynamics and Control*. (WP-2006-025B)

#### New Manuscripts 2007

##### *Initial Submissions*

33. Levon Barseghyan and Riccardo DiCecio  
 "Heterogeneous Firms, Productivity, and Poverty Traps"  
 Submitted to *Journal of Economic Theory*. (WP-2005-068B)
34. Haoming Liu, Yi Wen, and Lijing Zhu  
 "Uniform Working Hours and Structural Unemployment"  
 Submitted to *Annals of Economics and Finance*. (WP-2005-045A)
35. Yi Wen and Pengfei Wang  
 "Solving Linear Difference Systems with Lagged Expectations by a Method of Undetermined Coefficients"  
 Submitted to *B.E. Journals in Macroeconomics*. (WP-2006-003C)
36. Pengfei Wang and Yi Wen  
 "Endogenous Volatility, Endogenous Growth, and Large Welfare Gains from Stabilization Policies"  
 Submitted to *Journal of European Economic Association*. (WP-2006-032B)

37. Daniel L. Thornton  
“The Daily and Policy-Relevant Liquidity Effect”  
Submitted to *Journal of Monetary Economics*. (WP-2007-001B)
38. Michael T. Owyang, Jeremy M. Piger, and Howard J. Wall  
“A State-Level Analysis of the Great Moderation”  
Submitted to *Regional Science and Urban Economics*. (WP-2007-003B)
39. Richard G. Anderson and Charles S. Gascon  
“The Perils of Globalization: Offshoring and Economic Insecurity of the American Worker”  
Submitted to *American Economic Review*. (WP-2007-004A)
40. Thomas A. Garrett and Russell M. Rhine  
“Does Government Spending Really Crowd Out Charitable Contributions? New Time-Series Evidence”  
Submitted to *Public Finance Review*. (WP-2007-012B)
41. James B. Bullard, Jasmina Arifovic, and Olena Kostyshyna  
“Social Learning and Monetary Policy Rules”  
Submitted to *Review of Economic Studies*. (WP-2007-007A)
42. James B. Bullard, George W. Evans, and Seppo Honkapohja  
“A Model of Near-Rational Exuberance”  
Submitted to *Journal of Economic Theory*. (WP-2007-009A)
43. Michelle T. Armesto, Rubén Hernández-Murillo, Michael T. Owyang, and Jeremy M. Piger  
“Identifying Asymmetry in the Language of the Beige Book: A Mixed Data Sampling Approach”  
Submitted to *Journal of Money, Credit, and Banking*. (WP-2007-010A)
44. Daniel L. Thornton  
“Resolving the Unbiasedness and Forward Premium Puzzles”  
Submitted to *International Economic Review*. (WP-2007-014A)
45. Helge Braun, Reinout De Bock, and Riccardo DiCecio,  
“Supply Shocks, Demand Shocks, and Labor Market Fluctuations”  
Submitted to *B.E. Journals in Macroeconomics*. (WP-2007-015A)
46. Björn Hagströmer, Richard G. Anderson, Jane Binner, Thomas Elger, and Birger Nilsson  
“Mean-Variance vs. Full-Scale Optimization: Broad Evidence for the U.K.”  
Submitted to *The Manchester School*. (WP-2007-016C)
47. Michael D. Bordo, Michael J. Dueker, and David C. Wheelock  
“Monetary Policy and Stock Market Booms and Busts in the 20<sup>th</sup> Century”  
Submitted to *European Review of Economic History*. (WP-2007-020A)
48. Michael J. Dueker, Zacharias Psaradakis, Martin Sola, and Fabio Spagnolo  
“Multivariate Contemporaneous Threshold Autoregressive Models”  
Submitted to *Journal of Econometrics*. (WP-2007-019)
49. Benjamin D. Keen and Michael R. Pakko  
“Monetary Policy and Natural Disasters in a DSGE Model: How Should the Fed Have Responded to Hurricane Katrina?”  
Submitted to *Journal of Economic Dynamics and Control*. (WP-2007-025A)
50. James B. Bullard and Aarti Singh  
“Learning and the Great Moderation”  
Submitted to *Journal of Political Economy*. (WP-2007-027A)

51. Javed Younas and Subhayu Bandyopadhyay  
 “Do Donors Care About Declining Trade Revenues from Liberalization? An Analysis of Aid Allocation”  
 Submitted to *The World Economy*. (WP-2007-028A)
52. Jerome Lahaye, Sebastien Laurent, and Christopher J. Neely  
 “Jumps, Cojumps, and Macro Announcements”  
 Submitted to *Journal of Applied Econometrics*. (WP-2007-032A)
53. Edward Nelson  
 “An Overhaul of Doctrine: The Underpinning of U.K. Inflation Targeting”  
 Submitted to *Economic Journal*. (WP-2007-026C)
54. Matthew Chambers, Carlos Garriga, Don E. Schlagenhauf, and  
 “Accounting for Changes in the Homeownership Rate”  
 Submitted to *International Economic Review*. (WP-2007-034A)
55. Subhayu Bandyopadhyay, Sajal Lahiri, and Suryadipta Roy  
 “Political Asymmetry and Common External Tariff in a Customs Union”  
 Submitted to *European Economic Review*. (WP-2007-038A)
56. Daniel L. Thornton  
 “The Unusual Behavior of the Federal Funds and 10-Year Treasury Rates: A Conundrum or Goodhart’s Law?”  
 Submitted to *American Economic Review*. (WP-2007-039A)
57. Thomas A. Garrett and Cletus C. Coughlin  
 “Inter-temporal Differences in the Income Elasticity of Demand for Lottery Tickets”  
 Submitted to *National Tax Journal*. (WP-2007-042A)
58. Edward Nelson and Anna J. Schwartz  
 “The Impact of Milton Friedman on Modern Monetary Economics: Setting the Record Straight on Paul Krugman’s ‘Who Was Milton Friedman?’”  
 Submitted to *Journal of Monetary Economics*. (WP-2007-048C)
59. Ivana Komunjer and Michael T. Owyang  
 “Multivariate Forecast Evaluation and Rationality Testing”  
 Submitted to *International Economic Review*. (WP-2007-047A)
60. Subhayu Bandyopadhyay and Christopher H. Wheeler  
 “Urban Crime and Labor Mobility”  
 Submitted to *Journal of Urban Economics*. (WP-2007-046A)

***Requested Resubmissions***

61. Christopher J. Neely  
 “Forecasting Foreign Exchange Volatility: Why Is Implied Volatility Biased and Inefficient? And Does It Matter?”  
 Revised and resubmitted to *Journal of International Financial Markets, Institutions and Money* (WP-2002-017D)
62. Massimo Guidolin and Eliana La Ferrara  
 “The Economic Effects of Violent Conflict: Evidence from Asset Market Reactions”  
 Revised and resubmitted to *Journal of Peace Research*. (WP-2005-066A)
63. Michael T. Owyang, Jeremy M. Piger, Howard J. Wall, and Christopher H. Wheeler  
 “The Economic Performance of Cities: A Markov-Switching Approach”  
 Revised and resubmitted to *Journal of Urban Economics*. (WP-2006-056C)

64. Matthew Chambers, Carlos Garriga, Don Schlagenhauf  
“Equilibrium Mortgage Choice and Housing Tenure Decisions with Refinancing”  
Revised and resubmitted to *Review of Economic Dynamics*. (WP-2007-049A)

**Refereed Publications**

Published 2006

(Working paper numbers are in parentheses.)

*Forthcoming, December 2005*

1. Hui Guo  
“On the Out-of-Sample Predictability of Stock Market Returns”  
*Journal of Business*, March 2006, 79(2), pp. 645-70. (WP-2002-008C)
2. Daniel L. Thornton  
“Tests of the Expectations Hypothesis: Resolving the Campbell-Shiller Paradox”  
*Journal of Money, Credit, and Banking*, March 2006, 38(2), pp. 511-42. (WP-2003-022B)
3. Patricia S. Pollard and Cletus C. Coughlin  
“Pass-Through Estimates and the Choice of an Exchange Rate Index”  
*Review of International Economics*, September 2006, 14(4), pp. 535-53. (WP-2003-004C)
4. Michael J. Dueker and Charles R. Nelson  
“Business Cycle Filtering of Macroeconomic Data via a Latent Business Cycle Index”  
*Macroeconomic Dynamics*, November 2006, 10(5), pp. 573-94. (WP-2002-025C)
5. Thomas A. Garrett, Thomas L. Marsh, and Maria I. Marshall  
“Political Allocation of Agriculture Disaster Payments in the 1990s”  
*International Review of Law and Economics*, June 2006, 26(2), pp.143-61. (WP-2003-005B)
6. Hui Guo  
“Time-Varying Risk Premia and the Cross Section of Stock Returns”  
*Journal of Banking and Finance*, July 2006, 30(7), pp. 2087-107. (WP-2002-013C)
7. Hui Guo and Robert Savickas  
“Idiosyncratic Volatility, Stock Market Volatility, and Expected Stock Returns”  
*Journal of Business and Economic Statistics*, January 2006, 24(1), pp. 43-56. (WP-2003-028B)
8. Hui Guo, Jian Wang, and Zijun Wang  
“International Transmission of Inflation Among G-7 Countries: A Data-Determined VAR Analysis”  
*Journal of Banking and Finance*, October 2006, 30(10), pp. 2681-700. (WP-2004-028B)
9. Hui Guo and Robert Whitelaw  
“Uncovering the Risk-Return Relation in the Stock Market”  
*Journal of Finance*, June 2006, 61(3), pp. 1433-63. (WP-2001-001C)
10. Rubén Hernández-Murillo and Gerard Llobet  
“Patent Licensing Revisited: Heterogeneous Firms and Product Differentiation”  
*Journal of Industrial Organization*, January 2006, 24(1), pp. 149-75. (WP-2002-031B)
11. Rubén Hernández-Murillo and Michael T. Owyang  
“The Information Content of Regional Employment Data for Forecasting Aggregate Conditions”  
*Economics Letters*, March 2006, 90(3), pp. 335-39. (WP-2004-005B)
12. Anthony Pennington-Cross  
“The Value of Foreclosed Property”  
*Journal of Real Estate Research*, April-June 2006, 28(2), pp. 193-214. (WP-2004-022A)

13. Thomas A. Garrett, David C. Wheelock, and Gary A. Wagner  
 "A Spatial Probit Analysis of State Banking Regulation"  
*Papers in Regional Science*, November 2005, 84(4), pp. 575-95. (WP-2003-044C)
14. Massimo Guidolin  
 "High Equity Premia and Crash Fears: Rational Foundations"  
*Economic Theory*, August 2006, 28(3), pp. 693-708. (WP-2005-011A)
15. Silvia Goncalves and Massimo Guidolin  
 "Predictable Dynamics in the S&P 500 Index Options Implied Volatility Surface"  
*Journal of Business*, May 2006, 79(3), pp. 1591-635. (WP-2005-010A)
16. Massimo Guidolin and Allan Timmermann  
 "Term Structure of Risk Under Alternative Econometric Specifications"  
*Journal of Econometrics*, March/April 2006, 131(1-2), pp. 285-308. (WP-2005-001A)
17. Massimo Guidolin and Allan Timmermann  
 "An Econometric Model of Nonlinear Dynamics in the Joint Distribution of Stock and Bond Returns"  
*Journal of Applied Econometrics*, January/February 2006, 21(1), pp. 1-22. (WP-2005-003A)
18. Massimo Guidolin and Gianluca Cassese  
 "Modelling the MIB30 Implied Volatility Surface: Does Market Efficiency Matter?"  
*International Review of Financial Analysis*, 2006, 15(2), pp. 145-78. (WP-2005-008A)
19. Michael R. Pakko  
 "Smoke-free Law *Did* Affect Revenues from Gaming in Delaware"  
*Tobacco Control*, February 2006, 15(1), pp. 68-69. (WP-2005-028B)
20. Yi Wen  
 "Demand Shocks and Economic Fluctuations"  
*Economics Letters*, March 2006, 90(3), pp. 373-83. (WP-2006-011A)
21. Yi Wen and Peng-fei Wang  
 "Another Look at Sticky Prices and Output Persistence"  
*Journal of Economic Dynamics and Control*, December 2006, 30(12), pp. 2533-52. (WP-2005-051A)
22. Thomas A. Garrett and David C. Wheelock  
 "Why Did Income Growth Vary Across States During the Great Depression?"  
*Journal of Economic History*, June 2006, 66(2), pp. 456-66. (WP-2005-013B)

*Under Editorial Review, December 2005*

23. Christopher J. Neely and Drew B. Winter  
 "Year-end Seasonality in One-Month LIBOR Derivatives"  
*Journal of Derivatives*, Spring 2006, 13(3), pp. 47-65. (WP-2003-040D)
24. Michael J. Dueker  
 "Kalman Filtering with Truncated Normal State Variables for Bayesian Estimation of Macroeconomic Models"  
*Economics Letters*, October 2006, 93(1), pp. 58-62. (WP-2005-057B)
25. Thomas A. Garrett and Howard J. Wall  
 "Creating a Policy Environment for Entrepreneurs"  
*Cato Journal*, Fall 2006, 26(3), pp. 525-52. (WP-2005-064B)
26. Leora Friedberg, Michael T. Owyang, and Tara M. Sinclair  
 "Searching for Better Prospects: Endogenizing Falling Job Tenure and Pension Coverage"  
*Topics in Economic Analysis and Policy*, 2006, 6(1), Article 4. (WP-2003-038E)

27. Christopher H. Wheeler  
"Cities and the Growth of Wages Among Young Workers: Evidence from the NLSY"  
*Journal of Urban Economics*, September 2006, 60(3), pp. 162-84. (WP-2005-055A)

*New Manuscripts*

28. Massimo Guidolin and Sadayuki Ono  
"Are the Dynamic Linkages Between the Macroeconomy and Asset Prices Time-Varying?"  
*Journal of Economics and Business*, October/November 2006, 58(5-6), pp. 480-518. (WP-2005-056A)
29. Christopher Allsopp, Amit Kara, and Edward Nelson  
"U.K. Inflation Targeting and the Exchange Rate"  
*Economic Journal*, June 2006, 512, pp. 232-44. (WP-2006-030A)
30. Pengfei Wang and Yi Wen  
"Another Look at Sticky Prices and Output Persistence"  
*Journal of Economic Dynamics and Control*, December 2006, 30(12), pp. 2533-52. (WP-2005-051A)
31. Massimo Guidolin  
"Pessimistic Beliefs Under Rational Learning: Quantitative Implications for the Equity Premium Puzzle"  
*Journal of Economics and Business*, March/April 2006, 58(2), pp. 85-118. (WP-2005-005A)
32. Christopher H. Wheeler  
"Productivity and the Geographic Concentration of Industry: The Role of Plant Scale"  
*Regional Science and Urban Economics*, May 2006, 36(3), pp. 313-30. (WP-2004-024A)

## Refereed Publications

**Published 2005**

(Working paper numbers are in parentheses.)

### *Forthcoming December 2004*

1. Costas Azariadis, James B. Bullard, and Lee Ohanian  
“Trend-Reverting Fluctuations in the Life-Cycle Model”  
*Journal of Economic Theory*, December 2004, 119(2), pp. 334-56. (WP-1998-015B)
2. Michael J. Dueker  
“Dynamic Forecasts of Qualitative Variables: A Qual VAR Model of U.S. Recessions”  
*Journal of Business and Economic Statistics*, January 2005, 23(1), pp. 96-104. (WP-2001-012B)
3. William T. Gavin, Robert D. Dittmar, and Finn E. Kydland  
“Inflation Persistence and Flexible Prices”  
*International Economic Review*, February 2005, 46(1), pp. 245-61. (WP-2001-010E)
4. William T. Gavin and Athena T. Theodorou  
“A Common Model Approach to Macroeconomics: Using Panel Data to Reduce Sampling Error”  
*Journal of Forecasting*, April 2005, 24(3), pp. 203-19. (WP-2003-045B)
5. Edward Nelson  
“Money and the Transmission Mechanism in the Optimizing IS-LM Specification”  
*History of Political Economy*, December 2004, 36(1, Supplement), pp. 271-304. (WP-2003-019A)
6. Edward Nelson and Katharine S. Neiss  
“Inflation Dynamics, Marginal Cost, and the Output Gap: Evidence from Three Countries”  
*Journal of Money, Credit, and Banking*, December 2005, 37(6), pp. 1019-45.
7. Michael T. Owyang and Neville Francis  
“Monetary Policy in a Markov-Switching Vector Error-Correction Model: Implications for the Cost of Disinflation and the Price Puzzle”  
*Journal of Business and Economic Statistics*, July 2005, 23(3), pp. 305-13. (WP-2003-001D)
8. Michael Pakko  
“On the Information Content of Asymmetric FOMC Policy Statements: Evidence from a Taylor-Rule Perspective”  
*Economic Inquiry*, July 2005, 43(3), pp. 558-69. (WP-2003-016A)
9. Jeremy Piger and Ming Chien Lo  
“Is the Response of Output to Monetary Policy Asymmetric? Evidence from a Regime-Switching Coefficients Model”  
*Journal of Money, Credit, and Banking*, October 2005, 37(5), pp. 865-86. (WP-2001-022D)
10. Jeremy Piger, Chang-Jin Kim, and James Morley  
“Nonlinearity and the Permanent Effects of Recessions”  
*Journal of Applied Econometrics*, January 2005, 20(2), pp. 291-309. (WP-2002-014E)
11. Daniel L. Thornton  
“Tests of the Expectations Hypothesis: Resolving the Anomalies When the Short-Term Rate Is the Federal Funds Rate”  
*Journal of Banking and Finance*, October 2005, 29(10), pp. 2541-56. (WP-2000-003C)

12. Daniel L. Thornton, Lucio Sarno, and Giorgio Valente  
 "Federal Funds Rate Prediction"  
*Journal of Money, Credit, and Banking*, June 2005, 37(3), pp. 449-71. (WP-2002-005B)
13. David C. Wheelock and Paul W. Wilson  
 "The Contribution of On-Site Examination Ratings to an Empirical Model of Bank Failures"  
*Review of Accounting and Finance*, November 2005, 4(4), pp. 110-34. (WP-1999-023A)

***Under Editorial Review December 2004***

14. James B. Bullard and Inn-Koo Cho  
 "Escapist Policy Rules"  
*Journal of Economic Dynamics and Control*, November 2005, 29(11), pp. 1841-65. (WP-2002-002C)
15. James B. Bullard and Stefano Eusepi  
 "Did the Great Inflation Occur Despite Policymaker Commitment to a Taylor Rule?"  
*Review of Economic Dynamics*, April 2005, 8(2), pp. 324-59. (WP-2003-013B)
16. William T. Gavin and Robert D. Dittmar  
 "Inflation-Targeting, Price-Path Targeting and Indeterminacy"  
*Economics Letters*, September 2005, 88(3), pp. 336-42. (WP-2004-007B)
17. Edward Nelson  
 "Monetary Policy Neglect and the Great Inflation in Canada, Australia, and New Zealand"  
*International Journal of Central Banking*, June 2005, 1(1), pp. 133-79. (WP-2004-008A)
18. Edward Nelson  
 "The Great Inflation of the Seventies: What Really Happened?"  
*B.E. Electronics Journal in Macroeconomics: Advances in Macroeconomics*, 2005, 5(1),  
 Article 3, pp. 1-48. (WP-2004-001A)
19. Michael T. Owyang, Neville Francis, and Athena T. Theodorou  
 "What Explains the Varying Monetary Response to Technology Shocks in G-7 Countries?"  
*International Journal of Central Banking*, December 2005, 1(3), pp. 33-71. (WP-2004-002A)
20. Howard J. Wall and Yannis Georgellis  
 "Gender Differences in Self-Employment"  
*International Review of Applied Economics*, July 2005, 19(3), pp. 321-42. (WP-1999-08C)
21. Howard J. Wall, Michael T. Owyang, and Jeremy Piger  
 "Business Cycle Phases in U.S. States"  
*Review of Economics and Statistics*, November 2005, 87(4), pp. 604-16. (WP-2003-011E)
22. Christopher Wheeler  
 "Cities, Skills, and Inequality"  
*Growth and Change*, Summer 2005, 36(3), pp. 329-53. (WP-2004-020A)

***New Manuscripts 2005***

23. Micheal J. Dueker, Ada K. Jacox, David E. Kalist, and Stephen J. Spurr  
 "The Practice Boundaries of Advanced Practice Nurses: An Economic and Legal Analysis"  
*Journal of Regulatory Economics*, May 2005, 27(3), pp. 309-30. (WP-2005-071A)
24. Massimo Guidolin  
 "Home Bias and High Turnover in an Overlapping Generations Model with Learning"  
*Review of International Economics*, September 2005, 13(4), pp. 725-56. (WP-2005-012A)

25. Massimo Guidolin  
"Forecasting and Trading S&P 500 Index Options Volatility"  
*Finance Letters*, October 2005, 3(5), pp. 1-11.
26. Massimo Guidolin and Allan Timmermann  
"Economic Implications of Bull and Bear Regimes in UK Stock and Bond Returns"  
*Economic Journal*, January 2005, 115(500), pp. 111-43.
27. Edward Nelson, Javier Andrés, and David López-Salido  
"Sticky-Price Models and the Natural Rate Hypothesis"  
*Journal of Monetary Economics*, July 2005, 52(5), pp. 1025-53. (WP-2005-018A)
28. Michael Pakko  
"Changing Technology Trends, Transition Dynamics, and Growth Accounting"  
*B.E. Journals in Macroeconomics: Contributions to Macroeconomics*, 2005, 5(1), Article 12.  
(WP-2000-014F)
29. Anthony Pennington-Cross and Michelle E. Danis  
"A Dynamic Look at Subprime Performance"  
*Journal of Fixed Income*, June 2005, 15(1), pp. 28-39. (WP-2005-029A)
30. Anthony Pennington-Cross, Joseph Nichols, and Anthony Yezer  
"Borrower Self-Selection, Underwriting Costs, and Subprime Mortgage Credit Supply"  
*Journal of Real Estate Finance and Economics*, March 2005, 30(2), pp. 197-219.
31. Yi Wen  
"Understanding the Inventory Cycle"  
*Journal of Monetary Economics*, November 2005, 52(8), pp. 1533-55.
32. Yi Wen and Pengfei Wang  
"Endogenous Money or Sticky Prices? Comment on Monetary Non-neutrality and Inflation Dynamics"  
*Journal of Economic Dynamics and Control*, August 2005, 29(8), pp. 1361-83.

**Refereed Publications**

**Published 2004**

(Working paper numbers are in parentheses.)

***Forthcoming December 2003***

1. Marvin E. Dodson III and Thomas A. Garrett  
“Inefficient Education Spending in Public School Districts: A Case for Consolidation”  
*Contemporary Economic Policy*, April 2004, 22(2), pp. 270-80. (WP-2002-010C)
2. R. Alton Gilbert, David C. Wheelock, and Paul W. Wilson  
“New Evidence on the Fed’s Productivity in Providing Payments Services”  
*Journal of Banking and Finance*, September 2004, 28(9), pp. 2175-90. (WP-2002-020A)
3. Hui Guo  
“Limited Stock Market Participation and Asset Prices in a Dynamic Economy”  
*Journal of Financial and Quantitative Analysis*, September 2004, 39(3), pp. 495-516. (WP-2000-031C)
4. Hui Guo  
“Stock Prices, Firm Size, and Changes in the Federal Funds Rate Target”  
*Quarterly Review of Economics and Finance*, September 2004, 44(4), pp. 487-507. (WP-2002-004B)
5. Clemens J.M. Kool and Daniel L. Thornton  
“A Note on the Expectations Hypothesis at the Founding of the Fed”  
*Journal of Banking and Finance*, December 2004, 28(12), pp. 3055-68. (WP-2000-004C)
6. Jeremy M. Piger, Charles R. Nelson, and Chang-Jin Kim  
“The Less Volatile U.S. Economy: A Bayesian Investigation of Timing, Breadth and Potential Explanations”  
*Journal of Business and Economic Statistics*, January 2004, 22(1), pp. 80-93. (WP-2001-016C)
7. Edward Nelson and Amit Kara  
“International Evidence on the Stability of the Optimizing IS Equation”  
*Oxford Bulletin of Economics and Statistics*, 2004, 66(Supplement), pp. 687-712. (WP-2003-020B)
8. Edward Nelson and Kalin Nikolov  
“Monetary Policy and Stagflation in the UK”  
*Journal of Money, Credit, and Banking*, June 2004, 36(3), pp. 293-318.
9. Daniel L. Thornton  
“Forecasting the Treasury’s Balance at the Fed”  
*Journal of Forecasting*, August 2004, 23(5), pp. 357-71. (WP-2001-004D)
10. Daniel L. Thornton  
“The Fed and Short-Term Rates: Is It Open Market Operations, Open Mouth Operations, or Interest Rate Smoothing?”  
*Journal of Banking and Finance*, March 2004, 28(3), pp. 475-98. (WP-1999-022B)
11. Howard J. Wall  
“Entrepreneurship and the Deregulation of Banking”  
*Economics Letters*, March 2004, 82(3), pp. 333-39. (WP-2002-032C)

12. Howard J. Wall, Subhayu Bandyopadhyay, and Eun-Soo Park  
 “Endogenous Export Subsidies and Welfare Under Domestic Cost Heterogeneity”  
*Economics and Politics*, November 2004, 16(3), pp. 347-66. (WP-1999-017A)
13. David C. Wheelock and Paul W. Wilson  
 “Consolidation in U.S. Banking: Which Banks Engage in Mergers?”  
*Review of Financial Economics*, January 2004, 13(1-2), pp. 17-39. (WP-2001-003C)

#### ***Under Editorial Review December 2003***

14. Javier Andres, J. David Lopez-Salido, and Edward Nelson  
 “Tobin’s Imperfect Asset Substitution in Optimizing General Equilibrium”  
*Journal of Money, Credit, and Banking*, August 2004, 36(4), pp. 665-90. (WP-2004-003A)
15. James B. Bullard and Christopher J. Waller  
 “Central Bank Design in General Equilibrium”  
*Journal of Money, Credit, and Banking*, February 2004, 36(1), pp. 95-113. (WP-1998-002C)
16. William R. Emmons, R. Alton Gilbert, and Timothy J. Yeager  
 “Reducing the Risk at Small Community Banks: Is It Size or Geographic Diversification?”  
*Journal of Financial Services Research*, April-June 2004, 25(2-3) pp. 259-81.
17. Thomas A. Garrett and Russell S. Sobel  
 “State Lottery Revenue: The Importance of Game Characteristics”  
*Public Finance Review*, May 2004, 32(3), pp. 313-30. (WP-2002-011A)
18. Edward Nelson and Amit Kara  
 “The Exchange Rate and Inflation in the U.K.”  
*Scottish Journal of Political Economy*, November 2003, 50(5), pp. 585-608.
19. Michael T. Owyang and Garey Ramey  
 “Regime Switching and Monetary Policy Measurement”  
*Journal of Monetary Economics*, November 2004, 51(8) pp.1577-97. (WP-2001-002B)
20. Michael R. Pakko  
 “A Spectral Analysis of the Cross-Country Consumption Correlation Puzzle”  
*Economics Letters*, September 2004, 84(3), pp. 341-47. (WP-2003-023B)
21. Daniel L. Thornton  
 “Testing the Expectations Hypothesis: Some New Evidence for Japan”  
 Bank of Japan *Monetary and Economic Studies*, May 2004, 22(2), pp. 45-69. (WP-2003-033A)

#### ***New Manuscripts 2004***

22. Néstor Gandelman and Rubén Hernández-Murillo  
 “Tax Competition and Tax Harmonization with Evasion”  
*Topics in Economic Analysis and Policy*, 2004, 4(1), Article 13. (WP-2002-015A)
23. William T. Gavin  
 “Inflation Targeting: Why It Works and How to Make It Work Better”  
*Business Economics*, April 2004, 39(2), pp. 30-37. (WP-2003-027B)
24. Rubén Hernández-Murillo and John Knowles  
 “Racial Profiling or Racist Policing? Bounds Tests in Aggregate Data”  
*International Economic Review*, August 2004, 45(3), pp. 959-89. (WP-2004-012A)

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### Published 2003

(Working paper numbers are in parentheses.)

1. James B. Bullard and Bruce D. Smith  
"The Value of Inside and Outside Money"  
*Journal of Monetary Economics*, March 2003, 50(2), pp. 389-417. (WP-2000-027C)
2. James B. Bullard and Bruce D. Smith  
"Intermediaries and Payments Instruments"  
*Journal of Economic Theory*, April 2003, 109(2), pp. 172-97. (WP-2002-006A)
3. Micheal J. Dueker and Andreas M. Fischer  
"Fixing Swiss Potholes: The Importance and Cyclical Nature of Improvements"  
*Economics Letters*, June 2003, 79(3), pp. 409-15. (WP-2001-025B)
4. Michael J. Dueker and Thomas W. Miller Jr.  
"Directly Measuring Early Exercise Premiums Using American and European S&P 500 Index Options"  
*Journal of Futures Markets*, March 2003, 23(3), pp. 287-313. (WP-1996-013B)  
(Revised as WP-2002-016A)
5. Micheal J. Dueker and Katrin Wesche  
"European Business Cycles: New Indices and Analysis of Their Synchronicity"  
*Economic Inquiry*, January 2003, 41(1), pp. 116-31. (WP-1999-019B)
6. Thomas A. Garrett  
"Aggregated vs. Disaggregated Data in Regression Analysis: Implication for Inference"  
*Economics Letters*, October 2003, 81(1), pp. 61-65. (WP-2002-024B)
7. Thomas A. Garrett and Russell S. Sobel  
"The Political Economy of FEMA Disaster Payments"  
*Economic Inquiry*, July 2003, 41(3), pp. 496-509. (WP-2002-012B)
8. William T. Gavin and Rachel J. Mandal  
"Evaluating FOMC Forecasts"  
*International Journal of Forecasting*, November 2003, 19(4), pp. 655-67. (WP-2001-005C)
9. Christopher J. Neely  
"Risk-Adjusted Ex Ante, Optimal Technical Trading Rules in Equity Markets"  
*International Review of Economics and Finance*, Spring 2003, 12(1), pp. 69-87. (WP-1999-015D)
10. Christopher J. Neely and Paul A. Weller  
"Intraday Technical Trading in the Foreign Exchange Market"  
*Journal of International Money and Finance*, April 2003, 22(2), pp. 223-37. (WP-1999-016B)
11. Christopher J. Neely, Paul A. Weller, and Dean Corbae  
"Endogenous Realignment in a Target Zone"  
*Oxford Economic Papers*, July 2003, 55(3), pp. 494-511. (WP-1994-009D)
12. Edward Nelson  
"The Future of Monetary Aggregates in Monetary Policy Analysis"  
*Journal of Monetary Economics*, July 2003, 50(5), pp. 1029-59.

13. Edward Nelson and Katharine S. Neiss  
"The Real-Interest-Rate Gap as an Inflation Indicator"  
*Macroeconomic Dynamics*, April 2003, 7(2), pp. 239-62.
14. Edward Nelson and Kalin Nikolov  
"UK Inflation in the 1970s and 1980s: The Role of Output Gap Mismeasurement"  
*Journal of Economics and Business*, July/August 2003, 55(4), pp. 353-70.
15. Michael R. Pakko  
"Substitution Elasticities and Investment Dynamics in Two-Country Business Cycle Models"  
*B.E. Journals in Macroeconomics: Topics in Macroeconomics*, 2003, 3(1), Article 14. (WP-2002-030B)
16. Jeremy M. Piger, Evan F. Koenig, and Sheila Dolmas  
"The Use and Abuse of 'Real-time' Data in Economic Forecasting"  
*Review of Economics and Statistics*, August 2003, 85(3), pp. 618-28. (WP-2001-015A)
17. Daniel L. Thornton  
"Monetary Policy Transparency: Transparent about What?"  
*Manchester School*, September 2003, 71(5), pp. 478-97. (WP-2002-028B)
18. Daniel L. Thornton and Lucio Sarno  
"The Dynamic Relationship between the Federal Funds Rate and the Treasury Bill Rate: An Empirical Investigation"  
*Journal of Banking and Finance*, June 2003, 27(6), pp. 1079-110. (WP-2000-032C)
19. Howard J. Wall and Cletus C. Coughlin  
"NAFTA and the Changing Pattern of State Exports"  
*Papers in Regional Science*, November 2003, 82(4), pp. 427-50. (WP-2000-029B)
20. David C. Wheelock, Michael D. Bordo, and Micheal J. Dueker  
"Aggregate Price Shocks and Financial Stability: The United Kingdom, 1796-1999"  
*Explorations in Economic History*, April 2003, 40(2), pp. 143-69. (WP-2001-018A)

## Refereed Publications

### Published 2002

(Working paper numbers are in parentheses.)

1. Richard G. Anderson, Dennis L. Hoffman, and Robert H. Rasche  
“A Vector Error-Correction Forecasting Model of the U.S. Economy”  
*Journal of Macroeconomics*, December 2002, 24(4), pp. 569-98. (WP-1998-008C)
2. Michael D. Bordo, Michael J. Dueker, and David C. Wheelock  
“Aggregate Price Shocks and Financial Instability: A Historical Analysis”  
*Economic Inquiry*, October 2002, 40(4), pp. 521-38. (WP-2000-005B)
3. James B. Bullard and Kaushik Mitra  
“Learning about Monetary Policy Rules”  
*Journal of Monetary Economics*, September 2002, 49(6), pp. 1105-29. (WP-2000-001B)
4. Chang-Jin Kim and Jeremy Piger  
“Common Stochastic Trends, Common Cycles and Asymmetry in Economic Fluctuations”  
*Journal of Monetary Economics*, September 2002, 49(6), pp. 1189-211. (WP-2001-014A)
5. Christopher J. Neely  
“The Temporal Pattern of Trading Rule Returns and Exchange Rate Intervention: Intervention Does Not Generate Technical Trading Profits”  
*Journal of International Economics*, October 2002, 58(1), pp. 211-32. (WP-2000-018B)
6. Michael R. Pakko  
“What Happens When the Technology Growth Trend Changes? Transition Dynamics, Capital Growth, and the ‘New Economy’”  
*Review of Economic Dynamics*, April 2002, 5(2), pp. 376-407. (WP-2001-020A)
7. Patricia S. Pollard and Rowena A. Pecchenino  
“Dependent Children and Aged Parents: Funding Education and Social Security in an Aging Economy”  
*Journal of Macroeconomics*, June 2002, 24(2), pp. 145-69. (WP-1995-001D)
8. Frank A. Schmid and William R. Emmons  
“Pricing and Dividend Policies in Open Credit Cooperatives”  
*Journal of Theoretical and Institutional Economics*, June 2002, 158(2), pp. 234-55. (WP-2000-008A)
9. Howard J. Wall and Gylfi Zoega  
“The British Beveridge Curve: A Tale of Ten Regions”  
*Oxford Bulletin of Economics and Statistics*, July 2002, 64(3), pp. 257-76. (WP-2001-007B)

## Refereed Publications

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(Working paper numbers are in parentheses.)

1. Costas Azariadis, James B. Bullard, and Bruce D. Smith  
“Public and Private Circulating Liabilities”  
*Journal of Economic Theory*, July/August 2001, 99(1/2), pp. 59-116. (WP-2000-012A)
2. James B. Bullard and John Duffy  
“Learning and Excess Volatility”  
*Macroeconomic Dynamics*, April 2001, 5(2), pp. 272-302. (WP-1998-016A)
3. R. Alton Gilbert and Mark D. Vaughan  
“Do Depositors Care about Enforcement Actions?”  
*Journal of Economics and Business*, March/June 2001, 53(2/3), pp. 283-311. (WP-2000-020A)
4. Daniel L. Thornton  
“The Federal Reserve’s Operating Procedure, Nonborrowed Reserves, Borrowed Reserves and the Liquidity Effect”  
*Journal of Banking and Finance*, September 2001, 25(9), pp. 1717-39. (WP-1998-009A)
5. Christopher J. Neely, Amlan Roy, and Charles Whiteman  
“Risk Aversion vs. Intertemporal Substitution: A Case Study of Identification Failure in the Intertemporal Consumption CAPM”  
*Journal of Business and Economic Statistics*, October 2001, 19(4), pp. 395-403. (WP-1995-002C)
6. Christopher J. Neely and Paul A. Weller  
“Technical Analysis and Central Bank Intervention”  
*Journal of International Money and Finance*, December 2001, 20(7), pp. 949-70. (WP-1997-002C)
7. Jeremy M. Piger, Charles Nelson, and Eric Zivot  
“Markov Regime Switching and Unit Root Tests”  
*Journal of Business and Economic Statistics*, October 2001, 19(4), pp. 404-15. (WP-2001-013A)
8. Howard J. Wall  
“Voting with Your Feet in the United Kingdom: Using Cross-Migration Rates to Estimate Relative Standards of Living”  
*Papers in Regional Science*, January 2001, 80(1), pp. 1-23. (WP-1999-006A)
9. David C. Wheelock and Paul W. Wilson  
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