THE EFFECTS OF MONETARY POLICY ON THE STOCK AND
BOND MARKETS: AN EMPIRICAL EXAMINATION USING
EURO-YEN 3MONTH FUTURE RATES

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〈SUMMARY〉

In this paper, we examine the impacts of monetary policy to stock and bonds markets
following two steps. First, we calculate Japanese monetary “Surprise” variable using
future rate following Kuttner (1996) and Bernanke and Kuttner (2005). In Japan, there
are no corresponding future variables, so we use “Euro-Yen 3month Future rates”
following Honda and Kuroki (2006). Second, we estimate “Campbell-type Variance
Decomposition” using this “Surprise” variable following Bernanke and Kuttner (2005).
We find monetary policy shocks make an impact to Japanese Stock and Bonds Markets,
but the path of these impacts is different from that of U. S.

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