

Abstract

Linear factor models of the term structure of interest rates

The term structure of interest rates embeds relevant information for analysts, policy-makers and investors.

With the start of the financial crisis and the unconventional monetary policies pursued by central banks in developed countries, the identification of the determinants of changes in interest rates across time and tenors has become a key topic in all research agenda.

With this aim in mind, we present a general class of linear factor models for the term structure of interest rates and analyze its main features.

Last, we document the main methodologies to estimate them.

Photo



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