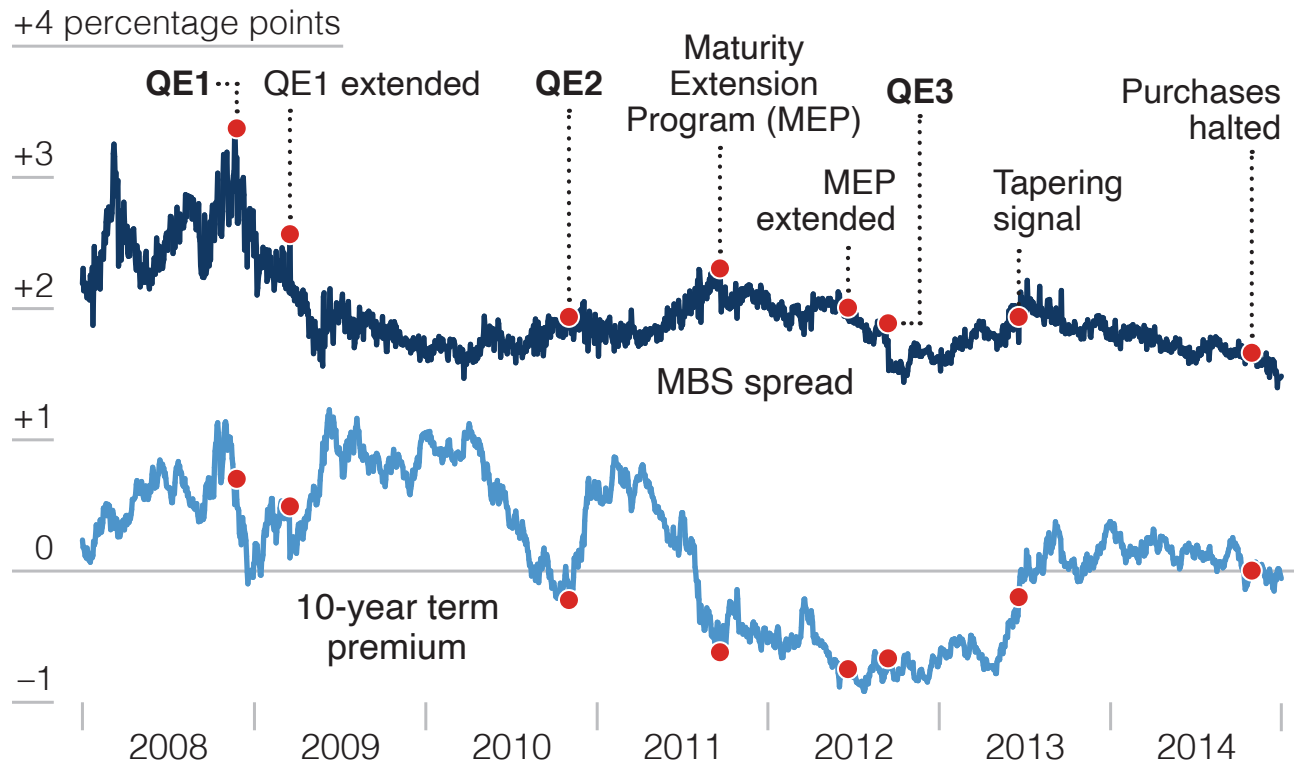


Risk Premiums during Asset Purchase Programs



Notes: (1) The term premium represents the excess return that investors expect to earn from purchasing a 10-year Treasury security relative to rolling over short-term Treasury investments. The estimate shown is from the Kim-Wright model. The tapering signal indicated in the figure refers to the chairman's press conference following the June 2013 Federal Open Market Committee (FOMC) meeting. (2) QE is quantitative easing; MBS are mortgage-backed securities.

Sources: Bloomberg Finance L.P.; Federal Reserve Board of Governors (Kim-Wright model)

Copyright © 2020 Hutchins Center at the Brookings Institution and Yale Program on Financial Stability,
www.som.yale.edu/financialcrisischarts