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Research Announcement

Interactions of money market between china and the us: pre-crises and post-crises

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Abstract

This paper investigates relationships of the money market between China and the U.S by using the Nelson-Siegel model to decompose the structure of yield curve into three factors and find out how the structure of the yield curve in the U.S can affect China's economy, for example, I operate the VAR model to specify the relationship between the parameters of the structure of yield curve and economic variables of China. In addition, I separate the data into two periods to find out whether the result is the same or not. Finally, I apply the Monte-Carlo Simulation to confirm my investigations.

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