

Detailed Appendix [TO BE AVAILABLE ON-LINE] to accompany the section on Reaction function/ Foreign exchange market behavior of central bank of Turkey,
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All the regressions for CBRT reaction function in foreign exchange

Regression for foreign exchange behavior of Central Bank of Republic of Turkey, measured either by data on intervention or by data on change in reserves.

(Reported statistics are t-values, using Newey-West se, lag 1)

1. \bar{s} equals long run average of the log of the spot ER.

<u>Dependent Variable</u>	<u>Intervention (monthly)</u>	<u>Interventn (6 mo. MA)</u>	<u>Interventn (monthly)</u>	<u>Interventn (6 mo.MA)</u>
s - \bar{s} bar	4.92	5.88	3.05	3.65
s - s lag	1.59	-2.71	1.47	-2.69
Reserves to GDP			-0.39	0.16
constant	4.76	6.72	0.83	0.45

2. \bar{s} equals long run average of the log of the spot ER.

<u>Dependent Variable</u>	<u>Δ Reserves (monthly)</u>	<u>Δ Reserves (monthly)</u>	<u>Δ Reserves (3 mo. MA)</u>
s - \bar{s} bar	0.4	1.19	1.48
s - s lag	4.48	4.5	1.8
Reserves to GDP		1.54	1.77
constant	3.15	-1.17	-1.32

3. \bar{s} is a 5 year moving average of s.

<u>Dependent Variable</u>	<u>Intervention (monthly)</u>	<u>Interventn (monthly)</u>	<u>Interventn (3 mo, MA)</u>	<u>Interventn (3 mo. MA)</u>	<u>Δ Reserves (monthly)</u>
s - \bar{s} bar (MA)	3.54	1.89	3.56	1.75	1.49
s - s lag	-0.62	-0.36	-2.54	-2.14	2.24
Reserves to GDP		-2.63		-3.44	
constant	4.42	3.15	5.11	4.13	3.34

4. s trend is fitted values from the regression of s on time.

<u>Dependent Variable</u>	<u>Intervention (monthly)</u>	<u>Interventn (monthly)</u>	<u>Interventn (monthly)</u>	<u>Interventn (3 mo. MA)</u>	<u>Interventn (6 mo. MA)</u>	<u>ΔReserves (monthly)</u>
s - s trend	3.63	2.7	2.65	4.2	4.22	1.82
s - s lag	2.26		1.63	-0.48	-1.67	4.52
Reserves to GDP		-2.86	-2.6			1.2
constant	4.3	3.38	3.13	5.1	5.78	-0.81

5. q bar is log(PPP/averagePPP).

<u>Dependent Variable</u>	<u>Intervention (monthly)</u>	<u>Interventn (6 mo. MA)</u>	<u>Interventn (6 mo. MA)</u>	<u>Interventn (6 mo. MA)</u>	<u>Δ Reserves (monthly)</u>
s - qbar	1.75	2.31	2.15	4.25	0.05
s - s lag	1.66	-2.07		-1.82	4.68
Reserves to GDP	-1.55	-0.78	-0.78		0.66
constant	3.04	2.84	2.83	5.25	-0.32

6. Including LDV

<u>Dependent Variable</u>	<u>Intervention (monthly)</u>	<u>Interventn (monthly)</u>	<u>Δ Reserves (monthly)</u>	<u>Interventn (monthly)</u>	<u>Interventn (monthly)</u>
s - šbar	3.84	5.14	0.39		
s - s lag	2.21	1.44	4.74	2.78	2.23
Intervention lag	2.14			2.98	
Delta reserves lag		2.61	1.28		2.15
s - s trend				2.9	3.63
constant	3.75	4.43	2.8	3.36	4

7. Break points in CBRT behaviour taking three dates as given.

Incl. dummies & interaction (with time variable) for the four periods.

<u>Dependent Variable</u>	<u>Intervention (monthly)</u>	<u>Interventn (6 mo. MA)</u>	<u>Interventn (6 mo. MA)</u>	<u>ΔReserves (monthly)</u>
s - s trend	3.58	4.49	3.51	1.46
s - s lag	1.11	-3.82	-3.77	4.45
time	-0.15	0.46	0.35	2.32
Interaction (2007m10-2011m7)	-1.63	-2.5	-2.54	-2.51
Interaction (2011m8-2013m6)	-1.15	-2.14	-2.18	-1.75

Interaction (2013m7-2014m1)	-1	-1.73	-1.71	-1.58
Reserves to GDP			0.22	
constant	-0.43	-0.09	-0.04	-2.21

8. Break points in CBRT behaviour taking three dates as given.

Incl. dummies & interaction (with s minus šbar variable) for the four periods.

<u>Dependent Variable</u>	<u>Intervention (6 mo. MA)</u>	<u>Δ Reserves (3 mo. MA)</u>		<u>Intervention (6 mo. MA)</u>	<u>Δ Reserves (3 mo. MA)</u>
s - šbar	4.44	2.16	s - s trend	4.31	0.76
s - s lag	-3.51	1.3	s - s lag	-3.04	1.48
time	0	1.9	time	-4.47	1.69
Interaction (2007m10-2011m7)	-3.81	-2.27	Intr 2007m10-2011m7	-3.39	-1.11
Interaction (2011m8-2013m6)	-2.54	-0.85	Intr 2011m8-2013m6	-0.93	1.27
Interaction (2013m7-2014m1)	-3.01	-0.67	Intr (2013m7-2014m1)	-2.04	1.15
constant	0.36	-1.74	constant	4.77	-1.47

9. Regressing only against s - s bar.

<u>Dependent Variable</u>	<u>Intervention (monthly)</u>	<u>Intervention (6 mo. MA)</u>	<u>Δ Reserves (monthly)</u>
s - s bar	5.05	5.85	1.07
constant	4.62	6.6	2.69

10. Regressing only against s - s trend.

<u>Dependent Variable</u>	<u>Intervention (monthly)</u>	<u>Intervention (6 mo MA)</u>	<u>Δ Reserves (monthly)</u>
s - s trend	3.72	4.31	1.86
constant	4.17	5.84	2.68

11. Regressing only against s - s lag.

<u>Dependent Variable</u>	<u>Intervention (monthly)</u>	<u>Intervention (6 mo MA)</u>	<u>Δ Reserves (monthly)</u>
s - s lag	2.52	-0.66	4.45
constant	4.14	5.45	3.23

12. Including the differential between inflation & inflation target (annual target).

<u>Dependent Variable</u>	<u>Intervention (monthly)</u>	<u>Interventn (6 mo.MA)</u>	<u>Δ Reserves (monthly)</u>
s - s bar	4.89	5.97	0.47
s - s lag	1.58	-2.74	4.67
inflation-target	0.28	-0.66	-1.26
constant	4	5.74	3.42

13.

	<u>Intervention (monthly)</u>	<u>Interventn (6 mo. MA)</u>	<u>Δ Reserves (monthly)</u>
s - s trend	3.58	4.21	1.35
s - s lag	2.27	-1.65	4.59
inflation-target	0.22	-0.09	-1.34
constant	3.77	5.13	3.42