

Imperfect Central Bank Communication: Information
versus Distraction

*Spencer Dale, Athanasios Orphanides,
and Pär Österholm*

Inflation Conservatism and Monetary-Fiscal Policy Interactions

Andrew P. Blake and Tatiana Kirsanova

Endogenous Central Bank Information and the Optimal
Degree of Transparency

Romain Baeriswyl

Inflation Risk Premia and Survey Evidence on
Macroeconomic Uncertainty

Paul Söderlind

Interest Rate Forecasts: A Pathology

Charles A. E. Goodhart and Wen Bin Lim

Endogenous Exposure to Systemic Liquidity Risk

Jin Cao and Gerhard Illing



Erratum	1
Imperfect Central Bank Communication: Information versus Distraction <i>Spencer Dale, Athanasios Orphanides, and Pär Österholm</i>	3
Inflation Conservatism and Monetary-Fiscal Policy Interactions <i>Andrew P. Blake and Tatiana Kirsanova</i>	41
Endogenous Central Bank Information and the Optimal Degree of Transparency <i>Romain Baeriswyl</i>	85
Inflation Risk Premia and Survey Evidence on Macroeconomic Uncertainty <i>Paul Söderlind</i>	113
Interest Rate Forecasts: A Pathology <i>Charles A. E. Goodhart and Wen Bin Lim</i>	135
Endogenous Exposure to Systemic Liquidity Risk <i>Jin Cao and Gerhard Illing</i>	173

Copyright © 2011 by the Association of the International Journal of Central Banking. All rights reserved. Brief excerpts may be reproduced or translated provided the source is cited. Consult www.ijcb.org for further information.

The *International Journal of Central Banking* is published quarterly (ISSN: 1815-4654). Online access to the publication is available free of charge at www.ijcb.org. Individual print subscriptions are available at an annual rate of \$100 (USD).

Print subscription orders may be placed online at www.ijcb.org, by phone (001 415 974 2035), via fax (001 415 974 2168), or by e-mail (editor@ijcb.org).

Renewals, claims, address changes, and requests for permission to reprint material from this journal should be addressed to:

International Journal of Central Banking
Economic Research Department
Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, CA 94105
USA

Phone: 001 415 974 2035

Fax: 001 415 974 2168

E-mail: editor@ijcb.org

The views expressed in this journal do not necessarily represent the views of the Association of the International Journal of Central Banking or any of its members.

ISSN: 1815-4654

International Journal of Central Banking

Board of Directors

Chairman

John Murray, *Bank of Canada*

Board Members

Q. Farooq Akram, *Norges Bank*
Abdulrahman Al-Hamidy, *Saudi Arabian Monetary Agency*
David E. Altig, *Federal Reserve Bank of Atlanta*
Carlos Hamilton Vasconcelos Araujo, *Central Bank of Brazil*
Jan Marc Berk, *The Nederlandsche Bank*
Claudio Borio, *Bank for International Settlements*
Mohamed Tahar Bouhouche, *Bank of Algeria*
Laurent Clerc, *Bank of France*
Francisco G. Dakila Jr., *Central Bank of the Philippines*
Spencer Dale, *Bank of England*
Jean-Pierre Danthine, *Swiss National Bank*
William English, *Federal Reserve Board*
Manuel Ramos Francia, *Bank of Mexico*
Jeffrey C. Fuhrer, *Federal Reserve Bank of Boston*
Dong He, *Hong Kong Monetary Authority*
Luis Óscar Herrera, *Central Bank of Chile*
Heinz Herrmann, *Deutsche Bundesbank*
Tor Jacobson, *Sveriges Riksbank*
Juan F. Jimeno, *Bank of Spain*
George A. Kahn, *Federal Reserve Bank of Kansas City*
Ali Hakan Kara, *Central Bank of Turkey*
Ana Christina Leal, *Bank of Portugal*
Philip Lowe, *Reserve Bank of Australia*
Choy Keen Meng, *Monetary Authority of Singapore*
Loretta J. Mester, *Federal Reserve Bank of Philadelphia*
John McDermott, *Reserve Bank of New Zealand*
Maurice McGuire, *Central Bank of Ireland*
Deepak Mohanty, *Reserve Bank of India*
Vyacheslav Morgunov, *Central Bank of Russian Federation*
Edward Offenbacher, *Bank of Israel*
Fabio Panetta, *Bank of Italy*
Cristian Popa, *National Bank of Romania*
Robert H. Rasche, *Federal Reserve Bank of St. Louis*
Ivan Ribnikar, *Bank of Slovenia*
Harvey Rosenblum, *Federal Reserve Bank of Dallas*
Mark Schweitzer, *Federal Reserve Bank of Cleveland*
Arnor Sighvatsson, *Central Bank of Iceland*
Frank Smets, *European Central Bank*
Jan Smets, *National Bank of Belgium*
Peter Birch Sørensen, *National Bank of Denmark*
Daniel Sullivan, *Federal Reserve Bank of Chicago*
Wataru Takahashi, *Bank of Japan*
Altin Tanku, *Bank of Albania*
Juha Tarkka, *Bank of Finland*
George Tavlas, *Bank of Greece*
Joseph Tracy, *Federal Reserve Bank of New York*
Dobiesław Tymoczko, *National Bank of Poland*
John Weinberg, *Federal Reserve Bank of Richmond*
WEI Xin, *People's Bank of China*
Kei-Mu Yi, *Federal Reserve Bank of Minneapolis*

Editorial Board

Managing Editor

John C. Williams
Federal Reserve Bank of San Francisco

Co-editors

Giancarlo Corsetti European University Institute	Andrew Levin Federal Reserve Board	Til Schuermann Federal Reserve Bank of New York
Douglas Gale New York University	Rafael Repullo CEMFI	Carl E. Walsh University of California

Associate Editors

Patrick Bolton University of Columbia	Jordi Galí Centre de Recerca en Economia Internacional (CREI)	Eli M. Remolona Bank for International Settlements
Michael D. Bordo Rutgers University	Marvin Goodfriend Carnegie Mellon University	Hélène Rey London Business School
Mark Carey Federal Reserve Board	Michael B. Gordy Federal Reserve Board	Jean-Charles Rochet University of Toulouse
Pierre Collin-Dufresne University of Columbia	Luigi Guiso European University Institute	Andrew K. Rose University of California, Berkeley
Guy Debelle Reserve Bank of Australia	Andrew G. Haldane Bank of England	Klaus Schmidt-Hebbel Organisation for Economic Co-operation and Development (OECD)
Michael B. Devereux University of British Columbia	Takatoshi Ito University of Tokyo	Lars E.O. Svensson Sveriges Riksbank
Douglas W. Diamond University of Chicago Graduate School of Business	David Lando Copenhagen Business School	Jürgen von Hagen University of Bonn
Francis Diebold University of Pennsylvania	Philip Lane Trinity College Dublin	Ernst-Ludwig von Thadden University of Mannheim
Michael Dotsey Federal Reserve Bank of Philadelphia	Francesco Lippi University of Sassari	Tsutomu Watanabe Hitotsubashi University
Darrell Duffie Stanford University	Carmen M. Reinhart University of Maryland	

Advisory Board

Franklin Allen The Wharton School of the University of Pennsylvania	Hyun Shin Princeton University	Michael Woodford Columbia University
Charles Goodhart London School of Economics	Kazuo Ueda University of Tokyo	John Taylor Stanford University