



Applied Economics Letters >

Volume 20, 2013 - Issue 16

146 | 7
Views | CrossRef citations to date | Altmetric

Original Articles

An exploratory inquiry into the impact of budget deficits on the nominal interest rate yield on Moody's Aaa-rated corporate bonds, 1973-2012

Richard J. Cebula

Pages 1497-1500 | Published online: 27 Aug 2013

Cite this article <https://doi.org/10.1080/13504851.2013.826869>

Sample our Economics, Finance, Business & Industry Journals
>> Sign in here to start your access to the latest two volumes for 14 days

Full Article

Figures & data

References

Citations

Metrics

Reprints & Permissions

Read this article

Share

Abstract

This exploratory empirical article provides recent evidence on the impact of the US federal budget deficit on the nominal interest rate yield on Moody's Aaa-rated long-term corporate bonds. The study is couched within a loanable funds model that includes an ex ante real short-term real interest rate yield, the monetary base, expected inflation and the change in per capita real GDP. Using data for the period 1973-2012, which time frame includes 'quantitative easing' monetary policies in the US, autoregressive two-stage least squares estimation reveals the preliminary finding that the federal budget deficit, expressed as a per cent of GDP, has exercised a positive and statistically significant impact on the nominal interest rate yield on Moody's Aaa-

rated long-term corporate bonds, even after allowing for 'quantifying easing' and other factors.

Keywords:

nominal interest rate yield

Moody's Aaa-rated corporate bonds

federal budget deficits

quantitative easing

JEL Classification:

E62

E43

Related research 

People also read

Recommended articles

Cited by

7

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources
by email

 Sign me up

  

  

Copyright © 2026 Informa UK Limited Privacy policy Cookies Terms & conditions

Accessibility



Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG