



Applied Economics Letters >

Volume 20, 2013 - [Issue 16](#)

146 | 7 | 0
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

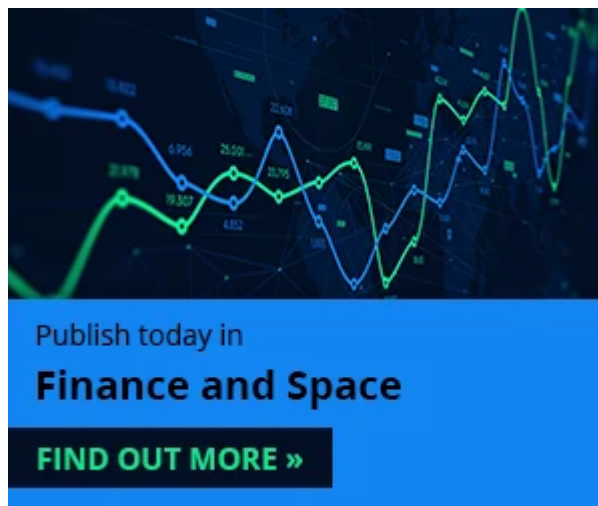
federal budget deficits

quantitative easing

JEL Classification:

E62

E43



Publish today in
Finance and Space
FIND OUT MORE »

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

 Taylor and Francis
Group