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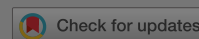
Inertia of the US Dollar as a Key Currency Through the Two Crises

Eiji Ogawa & Makoto Muto

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ABSTRACT

This article investigates effects of the global financial crisis (GFC) as well as the euro

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1. The FRB concluded new currency swap arrangements with the European Central Bank (ECB) and the Swiss National Bank on 12th December 2007. Afterwards, it increased amount of currency swap arrangements and concluded them with other central banks.
2. Ogawa and Sasaki ([1998](#)) used the similar theoretical model to conduct an empirical analysis on the USD as a key currency.
3. Calvo (Calvo [1981](#), [1985](#)), Obstfeld ([1981](#)), Blanchard and Fischer ([1989](#)).
4. The liquidity cost is an enactment cost in the Baumol ([1952](#)) - Tobin ([1956](#)) type of transaction demand for money model.
5. The illiquidity cost is a penalty cost of cash shortage in a precautionary demand for money model according to Whalen (Wharlen [1966](#)).
6. See Appendix for derivation of [Equations \(8a\)](#) and [\(8b\)](#).
7. We may use a method of Fama and Gibbons ([1984](#)) to estimate expected inflation rates. A sample period is much shorter than that by using the ARIMA model due to data constraints if we use the method. For the reason, we choose to use the ARIMA model.
8. See Feenstra, Inklaar, and Timmer ([2013](#)) for reference.

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