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## Financial Market Implications of Monetary Policy Coincidences: Evidence from the UK and Euro Area Government-Bond Markets

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### Abstract

Relatively little is known about the financial market impact of international monetary surprises arising on the same trading day. This paper estimates a suite of multi-security factor models, which captures international monetary surprise effects on UK and Euro Area government-bond markets over the period 1999-2014. In doing so, we shed light on the relative importance of coinciding, non-coinciding monetary surprises and non-monetary surprises across the yield curve. We find some support for the ‘enrich-thy-neighbour’ hypothesis of international monetary surprises, while our findings suggest that monetary policy cooperation during crises produces financial market effects that go above and beyond conventional policy.

JEL Classifications: E4, E5, F3, G1

Keywords: international; monetary policy; financial markets; factor model

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