

## References

1. Amato, J. and Laubach, T., (1999), “The value of interest rate smoothing: How the private sector helps the Federal Reserve”, *Economic Review*, Federal Reserve Bank of Kansas City 84, 47–64.
2. Akram, Q.F. and Eitrheim, Ø., (2008). “Flexible inflation targeting and financial stability: Is it enough to stabilize inflation and output?” *Journal of Banking & Finance*, Vol. 32 No (-): pp. 1242–1254
3. Aksoy, Y., A. Orphanides, D. Small, V. Weiland and D. Wilcox (2006), “A quantitative exploration of the opportunistic approach to disinflation”, *Journal of Monetary Economics*, Vol. 53 No. 8, pp. 1877-1893.
4. Andrews, D.W.K. (1999). “Consistent Moment Selection Procedures for Generalized Method of Moments Estimation,” *Econometrica*, Vol. 67, No (3): pp. 543-564.
5. Babbie, E. 2004. *The practice of social research*. USA: Wadsworth.
6. Bank of England (2007). Financial Stability Report 21 (April): 1-78.
7. Batini, N. and Nelson, E., (1999). “Optimal horizons for inflation targeting.” *Journal of Economic Dynamics and Control*, Vol. 25 No (-): pp. 891–910
8. Bec, F., M. Ben Salem and F. Collard (2002), “Asymmetries in monetary policy reaction function: Evidence for U.S. French and German banks”, *Studies in Nonlinear Dynamics and Econometrics*, Vol. 6 No. 2, Article 3.
9. Bernanke, B.S., J. Boivin and P. Elias (2004). Measuring the effects of monetary policy: a Factor-Augmented Vector Autoregressive (FAVAR) approach. NBER working paper series, *Working paper No 10220*.

10. Bernanke, B. and M. Gertler (2001), "Should Central Banks Respond to Movements in Asset Prices?" *American Economic Review*, Vol. 91 No. 2, pp.253-257.
11. Bernanke, B. and M. Gertler, (1999). Monetary Policy and Asset Price Volatility, *Economic Review*, Federal Reserve of Kansas City, Fourth Quarter, 17-51.
12. Bhardwaj G. and N.R. Swanson, (2006), "An empirical investigation of the usefulness of ARFIMA models for predicting macroeconomic and financial time series," *Journal of Econometrics*, Vol. 131 No 1-2, pp. 539-578
13. Bhattacharyya, D.K., (2003). *Research methodology*, India: New Deli, Excel books.
14. Boinet. V. and Martin C. (2008), "Targets, Zones and Asymmetries: A Flexible Nonlinear Model of Recent UK Monetary Policy," *Oxford Economic Papers*, Vol. 60 No. 3, pp. 423-439.
15. Bomfim, Antulio N. and Glenn D. Rudebusch. (2000), "Opportunistic and Deliberate Disinflation under Imperfect Credibility", *Journal of Money, Credit and Banking*, Vol. 32, No 4, pp. 707-721.
16. Bordo, M.D., (2010). History of monetary policy. In *Monetary economics*, Edited by Durlauf N.S. and Blume E.L. Great Britain: Macmillan Publishers.
17. Borio, C. and P. Lowe, (2002). Asset prices, Financial and Monetary Stability: Exploring the Nexus, BIS Working Paper N.114, July, Bank of International Settlement.
18. Brown, B.Y. and R.S. Mariano, (1989), Predictors in dynamic nonlinear models: large sample behavior, *Econometric Theory*, Vol. 5 No 3, pp.430-452.
19. Brynard, P.A. and S.X. Hanekom, (1997). *Introduction to Research in Public Administration and related academic disciplines*. Pretoria: Van Schaik.
20. Burger P., (2008), "Money, Credit and Interest: Searching For a Credit Channel in South Africa", *Conference proceedings "The Regulatory Environment and its Impact on*

the Nature and Level of Economic Growth and Development in South Africa”, Development Research Unit and University of Cape Town.

21. Burger, P and M. Marinkov, (2008), “Inflation targeting and inflation performance in South Africa”, *Annual Forum 2008*, “South Africa's economic miracle – has the emperor lost his clothes?” Department of Economics, University of the Free State. Available on <http://www.tips.org.za/publication/inflation-targeting-and-inflation-performance-south-africa>
22. Burkedin C.K.R. and L.P. Siklos (2008). “What has driven Chinese monetary policy since 1990? Investigating the People’s bank’s policy rule”. *Journal of international Money and Finance*, Vol. 27, No (-): 847-859.
23. Campbell, J. (2003), “Consumption-Based Asset Pricing. In G. Constantinides, M. Harris, & R. Stulz”, *Handbook of the Economics of Finance*, Volume 1B, 803-887. Amsterdam: Elsevier.
24. Castro, V. (2010). Can central banks' monetary policy be described by a linear (augmented) Taylor rule or by a nonlinear rule? *Journal of Financial Stability*, forthcoming.
25. Castro, V. (2008), “Are Central Banks following a linear or nonlinear (augmented) Taylor rule?” Warwick Economics Research Paper Series No. 860.
26. Chadha JS, Sarno L, Valente G (2004), “Monetary policy rules, asset prices and exchange rates”, *IMF Staff Papers*, Vol. 51 No 3, pp. 529-552.
27. Clarida, R.J., M. Galí and M. Gertler (2000), “Monetary policy rules and macroeconomic stability: evidence and some theory”, *Quarterly Journal of Economics*, Vol. 115 No. 1, pp. 147–180.
28. Clarida, R., Gali, J., Gertler, M., (1998), “Monetary policy rules in practice: Some international evidence”, *European Economic Review*, Vol. 42 No (-), pp. 1033–1067.

29. Castelnovo, E., 2003. Taylor rules, omitted variables, and interest rate smoothing in the US. *Economic Letters*, 81: 55–59.
30. Cecchetti, S., H. Genberg, J. Lipsky and S. F. Wadhvani (2000). *Asset Prices and Central Bank Policy*, CEPR, London.
31. Clark, T.E. and M.W. McCracken, (2001), “Tests of equal forecast accuracy and encompassing for nested models”, *Journal of Econometrics*, Vol. 105 No 1, pp. 85-110.
32. Clark, T., & West, K. (2007). Approximately normal tests for equal predictive accuracy in nested models. *Journal of Econometrics*, Vol. 138 No (-), pp. 291-311.
33. Clements M.P, H.P Franses and N.R. Swanson, (2004), “Forecasting economic and financial time-series with non-linear models”, *International Journal of Forecasting* Vol. 20 No 2, pp. 169–183.
34. Cukierman, A., (2002), “Are contemporary central banks transparent about economic models and objectives and what difference does it make?” *Federal Reserve Bank of St. Louis Review*, Vol. 84 No. 2, pp. 15–45.
35. Cukierman, A. and Gerlach, S., (2003). “The inflation bias revisited: Theory and some international evidence.” *Manchester School*, Vol. 71 No (-): pp. 541–565.
36. Dahl, C.M. and G. González-Rivera (2003), “Testing for neglected nonlinearity in regression models based on the theory of random fields”, *Journal of Econometrics*, Vol. 114, No. 1, pp. 141-164.
37. De Gooijer, J. G. and K. Kumar, (1992), “Some recent developments in non-linear time series modelling, testing, and forecasting”, *International Journal of Forecasting*, Vol. 8 No :pp. 135– 156.
38. De Grauwe, P. (2007), “Central banks should prick asset bubbles”, *The Financial Times*, Thursday, Nov 1, 2007.

39. Dickey, D.A. and W.A. Fuller, (1979). “Distribution of the Estimators for Autoregressive Time Series with a Unit Root.” *Journal of the American Statistical Association*, Vol. 74 No (-), pp. 427–431.
40. Dickey, D. A., and W. A. Fuller, (1981). “Likelihood Ratio Statistics for Autoregressive Time Series with a Unit Root.” *Econometrica*, Vol. 49 No (-), pp. 1057-1072.
41. Diebold, F.X. and R.S. Mariano, (1995), “Comparing predictive accuracy”, *Journal of Business and Economic Statistics*, Vol. 13 No 3, pp. 253-263.
42. Dolado, J.J., Maria-Dolores, R. and Naveria, M., (2005). “Are monetary-policy reaction functions asymmetric? The role of nonlinearity in the Phillips curve.” *European Economic Review*, Vol. 49 No (-): pp. 485–503
43. Dolado, J.J., Maria-Dolores, R. and Ruge-Murcia, F.J. (2002). “Nonlinear monetary policy rules: Some new evidence for the US.” Centre for Economic Policy Research Discussion paper, No. 3405.
44. Driffill, J., Z. Rotondi, P. Savona and C. Zazzara (2006). Monetary policy and financial stability: What role for futures market? *Journal of Financial Stability*, 1: 95-112.
45. Dudley, C.W., (1999). “The Goldman Sachs Financial Conditions Index: Still Accommodative After All These Years”, *Speech at the Milken Institute Forum*, September 20, 1999.
46. Du Plessis, S., (2010), “Implications of the financial crisis for models in monetary policy”, Stellenbosch Economic *Working Papers*: 18/2010, Department of Economics, Stellenbosch University.
47. Du Plessis, B. Smit and F. Sturzenegger (2007), “The cyclicity of monetary and fiscal policy in South Africa since 1994”, *South African Journal of Economics* Vol. 75 No 3, pp. 391-411.

48. Dykes, D., (2004). Targeting inflation. Edited by Raymond Parsons in *Manual, markets and money*, Cape Town: Juta & Co. Ltd.
49. Eichenbaum, M., L.P. Hansen, and K.J. Singleton (1988). “A Time Series Analysis of Representative Agent Models of Consumption and Leisure Choice under Uncertainty.” *The Quarterly Journal of Economics*, Vol. 103, No (1): pp. 51-78.
50. Elliott, G., T.J. Rothenberg and J.H. Stock, (1996). “Efficient Tests for an Autoregressive Unit Root,” *Econometrica*, Vol. 64 No (-), pp. 813-836.
51. English, W.B., W.R. Nelson and B.P. Sack (2003), “Interpreting the significance of the lagged interest rate in estimated monetary policy rules”, *Contributions to Macroeconomics*, Vol. 3 No.1, Article 5.
52. Estrella, A. and F.S. Mishkin (1997), “The predictive power of the term structure of interest rates in Europe and the United States: Implications for the European Central Bank”, *European Economic Review*, Vol. 41 No. 7, pp. 1375-1401.
53. Eviews 7 user’s guide. (2009). Generalized Method of Moments. USA: Quantitative Micro Software.
54. Fan, J., Yao, Q, (2003), *Nonlinear Time Series. Nonparametric and Parametric Methods*. Springer, New York.
55. Favero, C., A. Missale and P. Primiceri, (1999), “Debt maturity and the reaction and performance of monetary policy”, In A. Chrystal (ed.), *Debt Structure and Monetary Conditions*. London: Macmillan, 103-124.
56. Filardo Andrew, J. (2000), “Monetary policy and asset prices”, *Economic Review*, Federal Reserve Bank of Kansas City, Vol. 85, No 3, pp. 11-37.
57. Franses P.H and D. van Dijk, (2000), *Non-linear time series models in empirical finance*, Cambridge University Press, Cambridge.
58. Friedman, M. (1960). *A program for monetary stability*. New York: Fordham University Press.

59. Fuhrer, J.C. and G.R. Moore, (1995), “Inflation persistence”, *Quarterly Journal of Economics*, Vol. 110, pp. 127–59.
60. Gerdesmeier, D. and B. Roffia (2005), “The relevance of real-time data in estimating reaction functions for the euro area”, *North American Journal of Economics and Finance*, Vol. 16 No. 3, pp. 293-307.
61. Gerlach-Kristen, P. (2004), “Interest-Rate Smoothing: Monetary Policy Inertia or Unobserved Variables?” *Contributions to Macroeconomics*, Vol. 4 No. 1, Article 3.
62. Gerlach, S., (2003). “Recession aversion, output and the Kydland–Prescott Barro–Gordon model.” *Economics Letters*, Vol. 81 No (3): pp. 389–394.
63. Giacomini, R., and H. White (2006), “Tests of conditional predictive ability”, *Econometrica*, Vol.74 No. 6. pp. 1545–1578.
64. Goddard, W. and S. Melville, (2005). *Research Methodology: an introduction*, 2<sup>nd</sup> ed., South Africa: Juta & Co, Ltd.
65. Goodhart, C., (1999), “Central bankers and uncertainty”, *Bank of England Quarterly Bulletin*, Vol. 39 No (-), pp. 102–115.
66. Goodhart, C. and B. Hofmann (2002). Asset prices and the conduct of monetary policy. *Mimeo*. London School of Economics.
67. Granger, C.W.J., and T. Teräsvirta (1993), *Modelling nonlinear economic relationships*, Oxford University Press, Oxford.
68. Hall, A.R., A. Inoue, K. Jana, and C. Shin. (2007). “Information in Generalized Method of Moments Estimation and Entropy-based Moment Selection.” *Journal of Econometrics*, Vol. 38, No (-): pp. 488-512.
69. Hamilton, J.D. (2001), “A parametric approach to flexible nonlinear inference”, *Econometrica*, Vol. 69 No. 3, pp. 537-573.
70. Hansen, L. (1982). “Large sample properties of Generalized Methods of Moments estimators.” *Econometrica*, Vol. 50, No (-): pp. 1029-1054.

71. Harvey, D., S. Leybourne and P. Newbold, (1997), “Testing the equality of prediction mean squared errors”, *International Journal of Forecasting*, Vol. 13 No 2, 281-291.
72. Hayat, A. and S. Mishra, (2010), “Federal reserve monetary policy and the non-linearity of the Taylor rule”, *Economic Modelling*, Vol. 27 No 5, pp. 1292-1301.
73. Helder F. de Mendonça and Manoel C. de Castro Pires, (2010), “Gradualism in monetary policy and fiscal equilibrium”, *Journal of Economic Studies*, Vol. 37 No. 3, pp. 327-342.
74. Hodrick, R.J. and E.C. Prescott (1997), “Postwar U.S. business cycles: An empirical investigation”, *Journal of Money, Credit, and Banking*, Vol. 29 No. 1, pp. 1–16.
75. Huang, A., Margaritis, D., Mayes, D., (2001), “Monetary policy rules in practice: Evidence from New Zealand”, *Multinational Finance Journal*, Vol. 5 No (-), pp. 175–200.
76. Huang Ho-Chuan and Shen Chung-Hua, (2002), “Estimation of Taiwan’s binary monetary policy reaction function”, *Journal of Economic Studies*, Vol. 29 No. 3, pp. 222-239.
77. Inoue, A., and Kilian, L. (2004). “In-sample or out-of-sample tests of predictability: Which one should we use?” *Econometric Reviews*, Vol. 23 No (-), pp. 371-402.
78. Jankowicz, A.D., 2000. *Business research projects*, 3<sup>rd</sup> ed., UK: Luton, Luton business school.
79. Johnston, J. and DiNardo, J. (1997). *Econometric methods*. International editions. Singapore: McGraw-Hill.
80. King M (1996), “How Should Central Banks Reduce Inflation? - Conceptual Issues”, *Bank of England Quarterly Bulletin*, Vol. 36, No. 4, pages 434-48.



81. Kwiatkowski, D., P. C. B. Phillips, P. Schmidt and Y. Shin (1992). "Testing the Null Hypothesis of Stationary against the Alternative of a Unit Root," *Journal of Econometrics*, Vol. 54 No (-), 159- 178.
82. Lin, J.-L., Granger, C.W.J., (1994), "Forecasting from non-linear models in practice", *Journal of Forecasting*, Vol. 13 No 1, pp. 1–9.
83. MacKinnon, J.G. (1996). "Numerical Distribution Functions for Unit Root and Cointegration Tests," *Journal of Applied Econometrics*, Vol. 11 No (-), pp. 601-618.
84. MacKinnon, J.G. (1991). "Critical Values for Cointegration Tests," in R. F. Engle and C.W. J. Granger (eds.), *Long-run Economic Relationships: Readings in Cointegration*, Oxford: Oxford University Press.
85. Marcus, G. (2010), "The Outlook for Monetary Policy", *Address to the Bureau for Economic Research*, Annual Conference, Johannesburg, 22 April.
86. Martin, C. and C. Milas (2009), "The Sub-Prime Crisis and UK Monetary Policy", *International Journal of Central Banking* (forthcoming).
87. Martin, C. and C. Milas (2010a), "Testing the opportunistic approach to monetary policy", *The Manchester School*, Vol. 78 No. 2, pp. 110-125.
88. Martin, C. and C. Milas (2010b), "Financial stability and monetary policy", Mimeo, April 2010.
89. Mboweni, T. T. (2008a), "Origins and Causes of the Recent Financial Market Turbulence and its Implications for the CMA", *Public Lecture delivered in Windhoek*, Namibia, April 4.
90. Mboweni, T. T. (2008b), "Central banks in times of turmoil", *Address at the Gordon Institute of Business Science, in conjunction with the Helen Suzman Foundation*, Johannesburg, May 28.
91. McCallum, B.T. (1988). "Robustness properties of a rule for monetary policy." *Carnegie-Rochester conference series on public policy*, Vol. 29, No (-): pp. 173-203.

92. McCallum, B.T. (1993). "Specification and analysis of monetary policy rule for Japan." *Bank of Japan Monetary and Economic Studies*, Vol. 11, No 2: pp. 1-45.
93. McCracken, M.W., (2007), "Asymptotics for out of sample tests of Granger causality", *Journal of Econometrics*, Vol. 140 No 2, 719-752.
94. McCracken, M.W. (2000), "Robust out-of-sample inference", *Journal of Econometrics*, Vol. 99 No 2, pp. 195-223.
95. McCracken, M.W. (1999), "Asymptotics for out of sample tests of causality", *Working Paper*, Louisiana State University.
96. Minford, P. and N. Srinivasan (2006), "Opportunistic monetary policy: An alternative rationalization", *Journal of Economics and Business*, Vol. 58, No 5-6, pp, 366-372.
97. Mise, E., T-H. Kim and P. Newbold (2005a), "On the Sub-Optimality of the Hodrick-Prescott Filter", *Journal of Macroeconomics*, Vol. 27 No. 1, pp. 53-67.
98. Mise, E., T-H. Kim and P. Newbold (2005b), "Correction of the Distortionary end-effect of the Hodrick-Prescott Filter: Application", Mimeo. Available from:  
<http://www.le.ac.uk/economics/staff/em92.html>.
99. Mishkin, F.S. (2008), "How Should We Respond to Asset Price Bubbles?" *Speech at the Wharton Financial Institutions Center and Oliver Wyman Institute*, Annual Financial Risk Roundtable, Philadelphia, Pennsylvania. Available from:  
<http://www.federalreserve.gov/newsevents/speech/mishkin20080515a.htm>
100. Mishkin Frederic S. and Eugene N. White (2002). U.S. Stock Market Crashes and Their Aftermath: Implications for Monetary Policy, *NBER Working Papers* 8992, National Bureau of Economic Research.
101. Mittelhammer, R.C., Judge, G.G. and Miller D.J. (2000). *Econometric foundations*. UK: Cambridge University Press.
102. Mminele, A. D. (2009), "Recent Economic Developments in South Africa", *Remarks at the Citigroup Global Issues Seminar*, The Ritz Carlton Hotel, Istanbul, Turkey, October 04.

103. Mminele, A. D. (2010), “A perspective on South African monetary policy”, *Address at the Rand Merchant Bank Fixed Income Seminar*, Cape Town, 28<sup>th</sup> January.
104. Mnyande, M., (2010). Relevance of the South African reserve bank to the development agenda, *Address at the Inkululeko Media and Marketing Power Breakfast*, Avianto Hotel, Muldersdrift, 09 April 2010.
105. Moura M.L., de Carvalho A., (2010). “What can Taylor rules say about monetary policy in Latin America?” *Journal of Macroeconomics*, Vol. 32 No. 1: pp. 392-404.
106. Naraidoo, R. and R. Gupta (2010), “Modelling Monetary Policy in South Africa: Focus on Inflation Targeting Era Using a Simple Learning Rule”, (Forthcoming in *International Business and Economics Research Journal*).
107. Naraidoo, R. and N. Kasai (2010), “Financial asset prices, linear and nonlinear policy rules. An In-sample assessment of the reaction function of the South African Reserve Bank”, *Working paper No 2010-06*, Department of Economics, University of Pretoria.
108. Naraidoo R. and I. Paya, (2010), “Forecasting Monetary Policy Rules in South Africa”, *Working paper No 2010-07*, Department of Economics, University of Pretoria.
109. Naraidoo, R. and L. Raputsoane (2010), “Zone targeting monetary policy preferences and financial market conditions: a flexible nonlinear policy reaction function of the SARB monetary policy”, *Working paper No 201005*, Department of Economics, University of Pretoria.
110. Nobay, R. and D. Peel (2003), “Optimal discretionary monetary policy in a model of asymmetric central bank preferences”, *Economic Journal*, Vol. 113 No. 489: pp. 657-665.
111. Orphanides, A. (2010). Taylor rules. In *Monetary economics*, Edited by Durlauf N.S. and Blume E.L. Great Britain: Macmillan Publishers.

112. Orphanides, A., (2003). “Historical monetary policy analysis and the Taylor rule”.  
*Journal of Monetary Economics*, Vol. 50 No (-): pp. 983–1022.
113. Orphanides, A., (2002). “Monetary-policy rules and the great inflation.” *American Economic Review*, Vol. (92) No (2): pp. 115–120.
114. Orphanides, A. (2001), “Monetary policy rules based on real-time data”, *American Economic Review*, American Economic Association Vol. 91 No. 4: pp. 964-985.
115. Orphanides, A. and V. Wieland, (2000), “Inflation Zone Targeting”, *European Economic Review*, Vol. 44, No 7, pp. 1351-1387.
116. Orphanides, A. and S. van Norden (2002), “The unreliability of output gap estimates in real time”, *Review of Economics and Statistics*, Vol. 84 No. 4: pp. 569-583.
117. Orphanides, A. and Wilcox, D. (2002), “The opportunistic approach to disinflation”,  
*International finance*, Vol. 5, No 1, pp. 47-71.
118. Osborn, D.R., Kim, D.H. and Sensier, M., (2005). “Nonlinearity in the Fed's monetary policy rule.” *Journal of Applied Econometrics*, Vol. 20 No (5): pp. 621–639.
119. Papademos, L. (2009), “Monetary policy and the ‘Great Crisis’: Lessons and challenges”, *Speech at the 37th Economics Conference “Beyond the Crisis: Economic Policy in a New Macroeconomic Environment”* organised by the Österreichische Nationalbank, Vienna, 14 May 2009. Available from:  
<http://www.ecb.int/press/key/date/2009/html/sp090514.en.html>.
120. Phillips, P.C.B. and P. Perron (1988). “Testing for a Unit Root in Time Series Regression,” *Biometrika*, 75, 335–346.
121. Polovková, D., (2009). “Consistency of the Taylor rule with the CEEC data.” Master thesis, Department of Applied Mathematics and Statistics, Comenius University, Bratislava.
122. Qin T. and Enders W., (2008), “In-sample and out-of-sample properties of linear and nonlinear Taylor rule”, *Journal of Macroeconomics*, Vol. 30 No 1, pp. 428–443.

123. Reid, M., (2009), “The sensitivity of South African inflation expectations to surprises”, *South African Journal of Economics*, Vol. 77 No 3, pp. 414-429.
124. Reid, M. and S. du Plessis, (2010), “Loud and clear? Can we hear when the SARB speaks?” *South African Journal of Economics* Vol. 78 No 3, pp. 269-286.
125. Republic of South Africa, (1996), Constitution of the Republic of South Africa, sections 223-225.
126. Rosnow, R.L & Rosenthal, R. 1999. *Beginning behavioural research: A conceptual primer*, US: Prentice Hall.
127. Rudebusch, G.D. (2002), “Term structure evidence on interest rate smoothing and monetary policy inertia”, *Journal of Monetary Economics*, Vol. 49 No. 6: pp. 1161-1187.
128. Rudebusch, G. and Svensson, L., (1999). “Policy rules for inflation targeting.” In J. B. Taylor Eds. *Monetary Policy Rules*, University of Chicago Press for NBER. pp. 203–246.
129. Ruge-Murcia, F.J., (2004). “The inflation bias when the central bank targets the natural rate of unemployment.” *European Economic Review*, Vol. 48 No (-): pp. 91–107.
130. Ruge-Murcia, F.J., (2003), “Inflation targeting under asymmetric preferences”, *Journal of Money, Credit and Banking*, Vol. 35 No. 5: pp. 743–762.
131. Ruge-Murcia, F.J., (2002). “A prudent central banker.” *IMF Staff Papers* 49, 456–469.
132. SARB (South African Reserve bank), (2011a). Monetary policy. At: <http://www.reservebank.co.za>. Accessed on 04-05-2011.
133. SARB, (2011b). Mandate. At: <http://www.reservebank.co.za>. Accessed on 04-05-2011.
134. SARB, (2011c). Functions. At: <http://www.reservebank.co.za>. Accessed on 04-05-2011.
135. SARB, (2011d). Inflation targeting framework. At: <http://www.reservebank.co.za>. Accessed on 04-05-2011.

136. SARB, (2011e). Inflation measures. At: <http://www.reservebank.co.za>. Accessed on 04-05-2011.
137. SARB, (2011f). Monetary policy formulation. At: <http://www.reservebank.co.za>. Accessed on 04-05-2011.
138. Saunders M., P. Lewis and A. Tornhil, (2003). *Research Methods for Business Student*, 3<sup>rd</sup> Edition, England: Prentice Hall.
139. Schaling, E. (2004), “The nonlinear Phillips curve and inflation forecast targeting: Symmetric versus asymmetric monetary policy rules”, *Journal of Money, Credit, and Banking*, Vol. 36 No. 3, pp. 361-386.
140. Stock, J.H., and M.W. Watson (2005), “An empirical comparison of methods for forecasting using many predictors”, *Working paper*, Harvard University.
141. Surico, P., (2004). “Inflation targeting and nonlinear policy rules: The case of asymmetric preferences.” Economics Working Paper Archive at WUSTL, No. 0210002.
142. Taylor, J. (1993), “Discretion versus policy rules in practice”, *Carnegie-Rochester Conference Series on Public Policy*, Vol. 39 December 1993: pp. 195-214.
143. Tawadros G.B. (2009), “Testing the impact of inflation targeting on inflation”, *Journal of Economic Studies*, Vol. 36 No. 4, pp. 326-342.
144. Teräsvirta T., (2006), “Forecasting economic variables with nonlinear models”, In: Elliott, G., Granger, C.W.J., Timmermann, A. (Eds.), *Handbook of Economic Forecasting*. Elsevier, Amsterdam, pp. 413–457.
145. Teräsvirta, T., (2005), “Forecasting economic variables with nonlinear models”, SSE/EFI *Working Paper Series* in Economics and Finance No. 598, Department of Economic Statistics, Stockholm School of Economics, Sweden

146. Teräsvirta, T. (1994), “Specification, Estimation, and Evaluation of Smooth Transition Autoregressive Models”, *Journal of the American Statistical Association*, Vol. 89, No 425, pp. 208-218.
147. Teräsvirta, T., van Dijk, D., Medeiros, M.C. (2005), “Smooth transition autoregressions, neural networks, and linear models in forecasting macroeconomic time series: A re-examination, *International Journal of Forecasting*, 21: 755–774.
148. Tong, H. (1990), *Non-Linear Time Series. A Dynamical System Approach*. Oxford University Press, Oxford.
149. van Dijk, D., T. Teräsvirta, and P.H. Franses (2002), “ Smooth transition autoregressive models – a survey of recent developments”, *Econometric Reviews*, Vol. 21 No. 1, pp. 1-47.
150. Vdovichenko, A.G. and Voronina, V.G. (2006). “Monetary policy rules and their application in Russia”. *Research in International Business and Finance*, Vol. 20 No (-): pp. 145–162.
151. Walsh, C. (2009), “Using Monetary Policy to Stabilize Economic Activity, in Financial Stability and Macroeconomic Policy”, *Federal Reserve Bank of Kansas City*, Jackson Hole Symposium.
152. Walsh, C. E. (2002). The output gap and optimal monetary policy, *mimeo*, University of California, Santa Cruz, CA.
153. Woglom G. (2003), “How has inflation targeting affected monetary policy in South Africa?” *South African Journal of Economics*, Vol. 71, No 2, pp: 198-210.
154. Woodford, M. (2003), *Interest and prices: Foundations of a theory of monetary policy*, Princeton: Princeton University Pres.
155. Woodford, M., (1999), “Optimal monetary policy inertia”, *Manchester School*, Vol. 67 No (-): pp. 1–35.