Figure 1. Interest Rates and Inflation in Japan and the U.S.

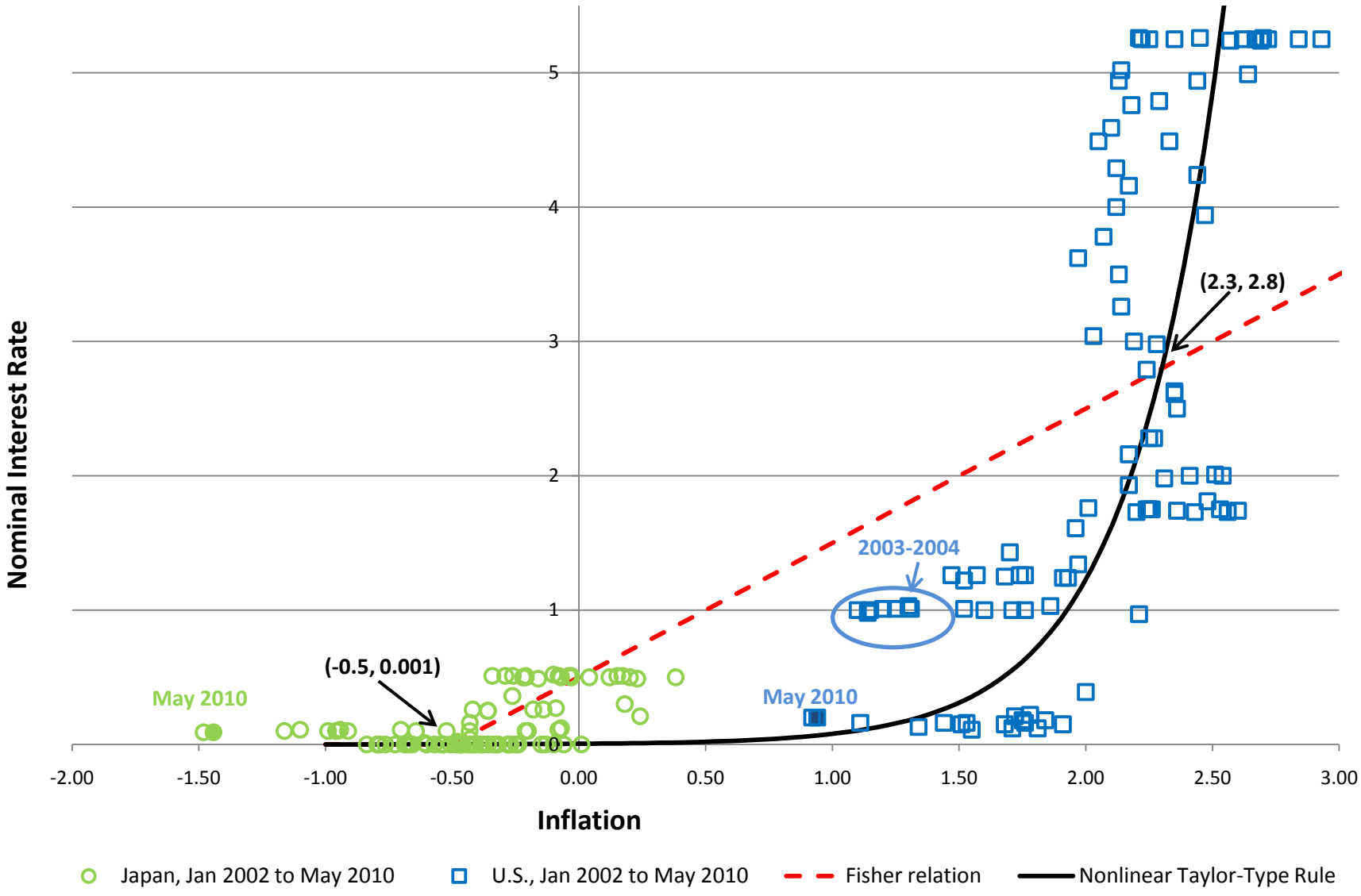


Figure 2. Denial

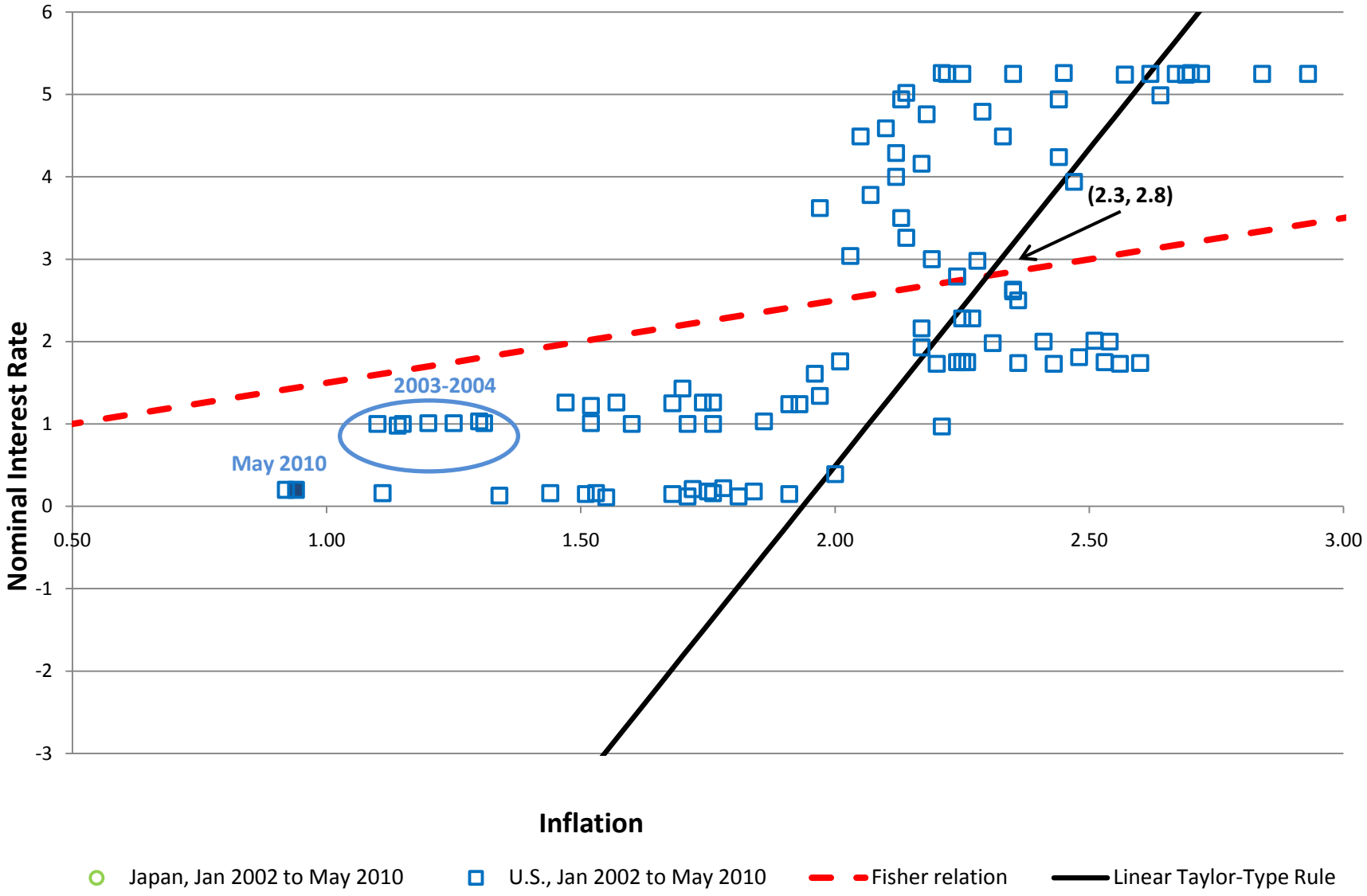


Figure 3. Inflation Expectations, Interrupted

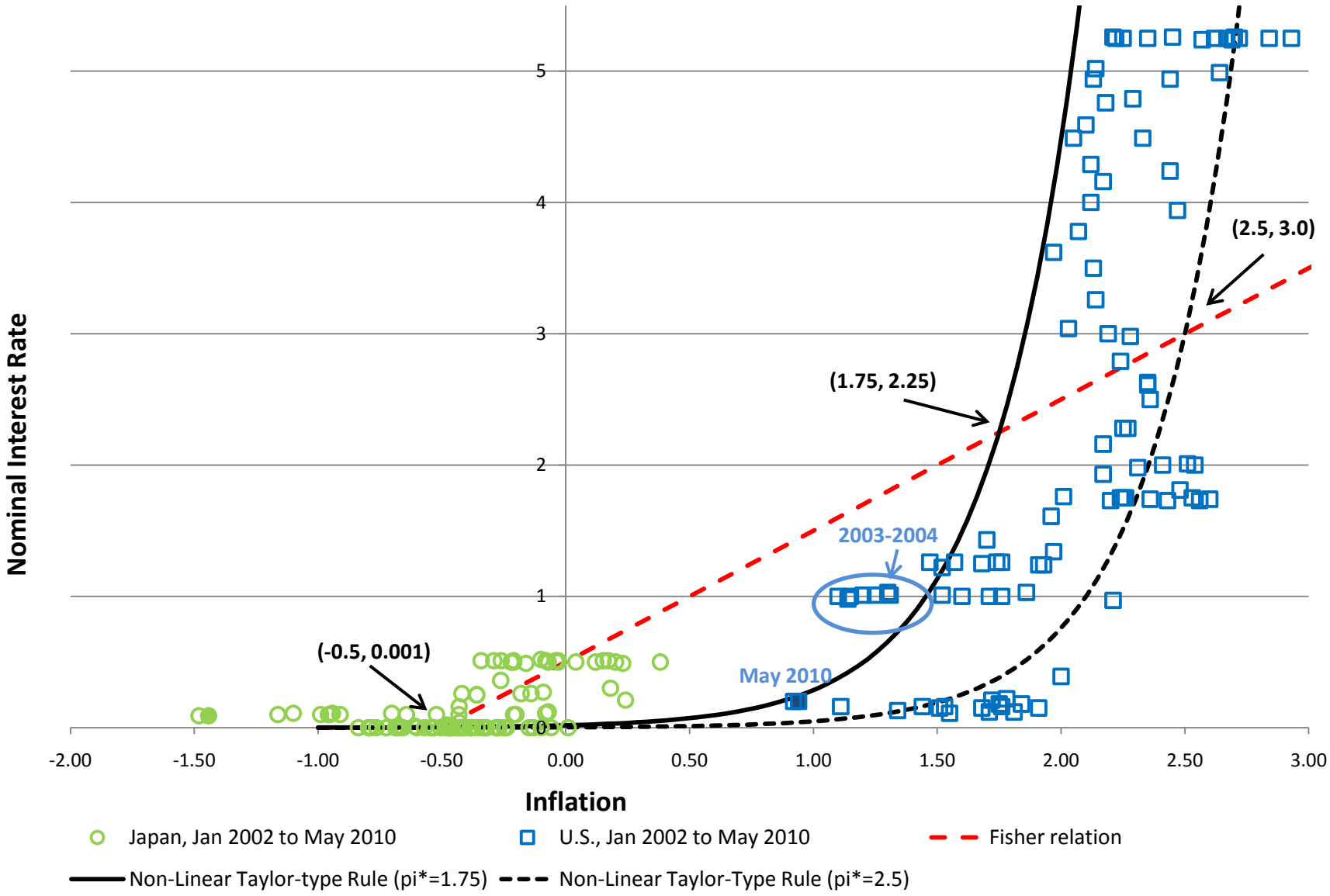
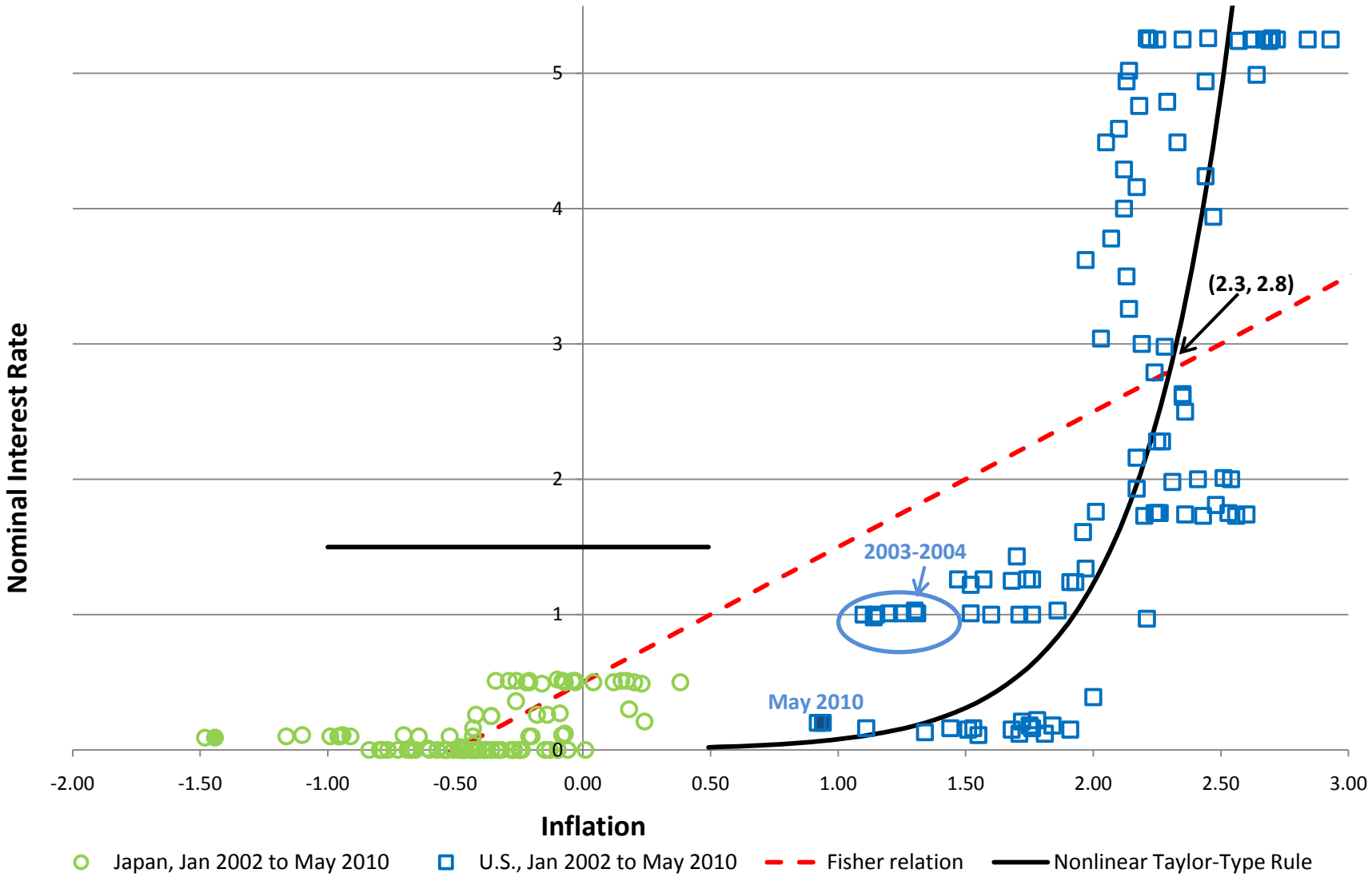


Figure 4. Discontinuity



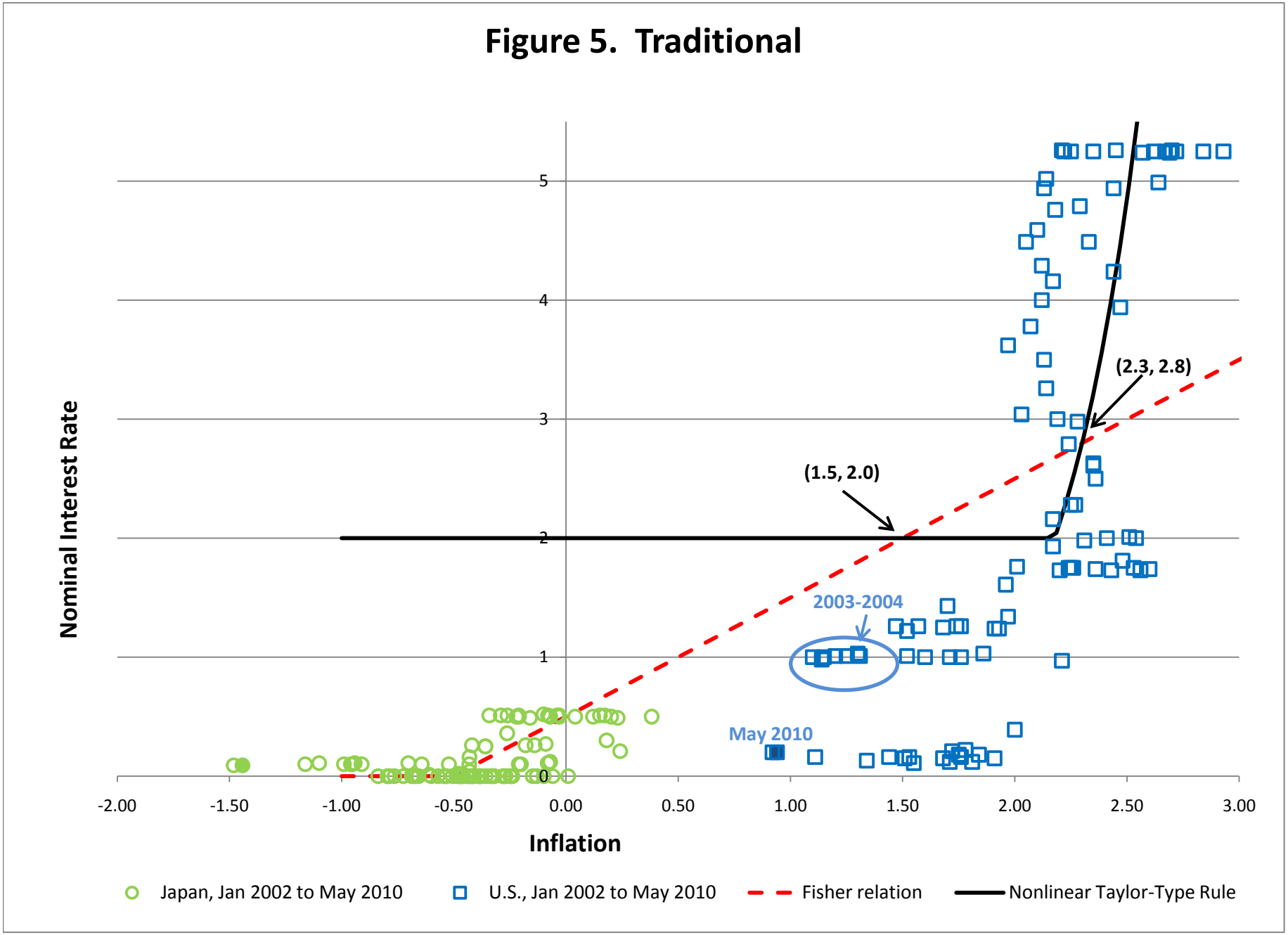


Figure 5. Traditional
Nominal Interest Rate
Inflation
5
4
3
2
1
0
-2.00
-1.50
-1.00
-0.50
0.00
0.50
1.00
1.50
2.00
2.50
3.00
(2.3, 2.8)
(1.5, 2.0)
2003-2004
May 2010
Japan, Jan 2002 to May 2010
U.S., Jan 2002 to May 2010
Fisher relation
Nonlinear Taylor-Type Rule