

## Revising Taylor Rule Under Stagflation

Think of the day you get fired and  
your landlord increases your rent.

It is

# Stagflation

Stagflation is the happens of high inflation and slow economic growth simultaneously. Given that central banks are limited to influence the economy through demand side, they lack tool to handle stagflation. This research tires to estimate the central bank policy rate settings by Taylor rule, while adding a stagflation binary variable to the regression function, to explore potential policy rate deviations between stagflationary and non-staflationary periods.