Table 5. Response of Asset Prices to Target and Path Factors

	One Factor			Two Factors			
	Constant (std. err.)	*Target Factor (std. err.)*	R^2	*Constant (std. err.)*	*Target Factor (std. err.)*	*Path Factor (std. err.)*	R^2
MP Surprise	−0.021*** (0.003)	1.000*** (0.047)	.91	−0.021*** (0.003)	1.000*** (0.048)	0.001 (0.026)	.91
One-Year-Ahead Eurodollar Future	−0.018*** (0.006)	0.555*** (0.076)	.36	−0.017*** (0.001)	0.551*** (0.017)	0.551*** (0.014)	.98
S&P 500	−0.008 (0.041)	−4.283*** (1.083)	.37	−0.008 (0.040)	−4.283*** (1.144)	−0.966 (0.594)	.40
Two-Year Note	−0.011** (0.005)	0.485*** (0.080)	.41	−0.011*** (0.002)	0.482*** (0.032)	0.411*** (0.023)	.94
Five-Year Note	−0.006 (0.005)	0.279*** (0.078)	.19	−0.006** (0.002)	0.276*** (0.044)	0.369*** (0.035)	.80
Ten-Year Note	−0.004 (0.004)	0.130** (0.059)	.08	−0.004* (0.002)	0.128*** (0.039)	0.283*** (0.025)	.74
Five-Year Forward Rate Five Years Ahead	0.001 (0.003)	−0.098** (0.049)	.06	0.001 (0.003)	−0.099** (0.047)	0.157*** (0.028)	.34

Note: Sample is all monetary policy announcements from July 1991–December 2004 (January 1990–December 2004 for S&P 500). Target factor and path factor are defined in the main text. Heteroskedasticity-consistent standard errors reported in parentheses. *, **, and *** denote significance at 10 percent, 5 percent, and 1 percent, respectively. See text for details.