

Hopf bifurcation in an open monetary economic system: Taylor versus inflation targeting rules

ABSTRACT

The main aim of the present work is to detect the Hopf bifurcation in policy relevant economic dynamical system. The study employs two different forms of monetary policy rules namely: Taylor rule and inflation targeting rule. The results show that there exists Hopf bifurcation between policy relevant variables in both types of rules in our open economic system.

Keyword: Hopf bifurcation; Economic system; Policy; Taylor rule; Inflation targeting rule